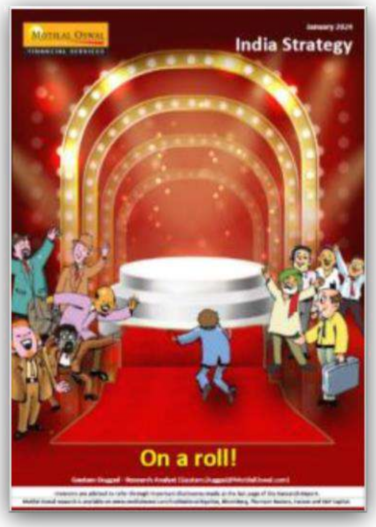
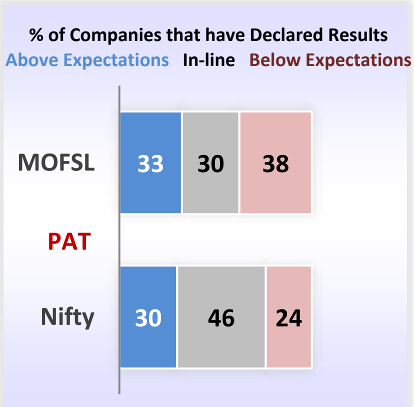
India Strategy

BSE Sensex: 72,050 **Nifty-50: 21,911**

Refer to our Dec'23
Quarter Preview



3QFY24: Expectations vs. delivery



Earnings review – 3QFY24: Earnings beyond expectations!

Earnings beat expectations; earnings revision breadth worsen

- **Corporate earnings – domestic cyclicals propel growth:** The 3QFY24 corporate earnings ended on a strong note, with widespread outperformance across aggregates driven by continued margin tailwinds. Domestic cyclicals such as Autos and Financials, along with global cyclicals (i.e., Metals and O&G) drove the beat. Technology posted a marginal decline in earnings, its first in 26 quarters.
- **Financials and Autos drive 3QFY24 earnings:** The aggregate earnings of the MOFSL Universe companies exceeded our expectations and rose 29% YoY (vs. our est. of +19%). Earnings for the Nifty-50 jumped 17% YoY (vs. our est. of +11%). The earnings growth for the MOFSL Universe was fueled by domestic cyclicals (such as BFSI and Autos), as well as healthy gains from global cyclicals (i.e., Metals and O&G). BFSI clocked a 22% YoY growth (vs. est. of +17%), while Autos registered a significant growth of 60% YoY (vs. est. of +34%). Metals earnings jumped 74% YoY (vs. est. of +25%) over a weak base of 3QFY23, led by TATA Steel, JSW Steel, and Coal India. OMC's profitability surged 4.6x to INR120b in 3QFY24 from INR26b in 3QFY23, due to strong marketing margins.
- **Heavyweights on the march:** Nifty delivered a strong beat with a 17% YoY PAT growth (vs. est. of +11%). Five Nifty companies – Tata Motors, HDFC Bank, Tata Steel, ICICI Bank, and JSW Steel – contributed 56% of the incremental YoY accretion in earnings. Ex-OMCs, Nifty's earnings grew 17% YoY (vs. est. of +10%). Ex-Metals & O&G, Nifty's earnings were up 15% YoY (vs. est. of +10%).
- **The beat-miss dynamics:** The beat-miss ratio for the MOFSL Universe was unfavorable, with 38% of the companies missing our estimates, while 33% reported a beat at the PAT level. For the MOFSL Universe, however, the earnings upgrade-to-downgrade ratio has turned weaker for FY25E as 58 companies' earnings have been upgraded by >3%, while 84 companies' earnings have been downgraded by >3%. The earnings upgrade/downgrade ratio of 0.6x was the worst since 3QFY22. EBITDA margin for the MOFSL Universe (ex-Financials) rose 210bp YoY to 16.6%.
- **Report card:** Of the 23 sectors under our coverage, 6/10/7 sectors reported profits above/in line/below our estimates. Of the 252 companies under our coverage, 82 exceeded our profit estimates, 95 posted a miss, and 75 were in line.
- **The 9MFY24 snapshot:** The MOFSL/Nifty Universes delivered 41%/26% YoY earnings growth in 9MFY24. Excluding OMCs, MOFSL/Nifty reported 24%/19% YoY earnings growth. For 4QFY24, we expect MOFSL/Nifty earnings to report a growth of 4%/5% YoY.
- **FY24E earnings highlights:** The MOFSL Universe is likely to deliver sales/EBITDA/PAT growth of 5%/21%/32% YoY in FY24. The Autos, O&G, and Banks (Private/PSU) are projected to be the key growth drivers with 91%, 73% and 28% YoY earnings growth, respectively. They are likely to contribute 64% of the earnings growth.
- **Nifty EPS stable:** Our EPS estimates for FY24/FY25 have remained unchanged at INR975/INR1,142 (vs. INR976/INR1,142). We now expect the Nifty EPS to grow ~21%/17% YoY in FY24/FY25.

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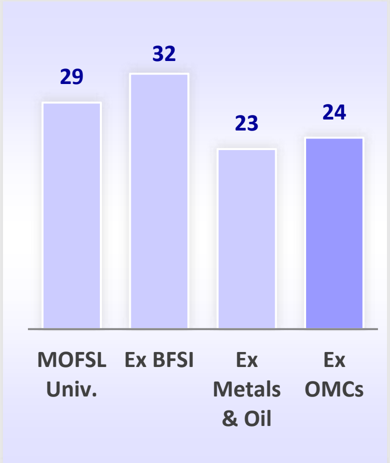
3QFY24: PAT growth YoY (%)



Key sectoral highlights – 1) **Technology:** The IT Services companies (within MOFSL Universe) exhibited a median revenue growth of 1.0% QoQ in CC. With continued weakness in key verticals and pressure on 4Q execution, the companies have either narrowed their revenue guidance band or expect to achieve the lower end of the range. Throughout 3QFY24, softness persisted in key verticals and geographies, with BFSI, Consumer, and Communications reporting muted growth. 2) **Banks:** The banking sector exhibited a mixed performance in 3QFY24, characterized by healthy business growth, controlled provisions, persistent NIM pressure, and high opex. Credit growth was primarily driven by retail growth. The corporate sector saw a gradual pickup, aided by MSME growth. Most of the banks witnessed stagnant or a slight dip in margins, barring select PSU banks. 3) **Autos:** In 3QFY24, Auto volumes (ex-tractors) grew 16% YoY (flat QoQ) led by a healthy recovery in 2Ws, stable growth across other segments, and a lower base due to the festive mismatch. 2Ws witnessed the sharpest growth of ~19% YoY during the quarter. 4) **Consumer:** Our coverage universe posted a muted revenue growth of 4% YoY in 3QFY24 on a low base of 7% growth in 3QFY23. The consumption trend and management commentary about rural recovery remained unchanged in 3Q. Local competition, a delayed rural recovery, and price cuts continued to hurt revenue performance during 9MFY24 (4% revenue growth). Volume growth improved a bit sequentially, but revenue growth was muted due to price cuts.

- **The top earnings upgrades in FY25E:** Tata Motors (+26%), Coal India (+10%), Hero MotoCorp (+10%), Cipla (+8%), and Bharti Airtel (+7%).
- **The top earnings downgrades in FY25E:** UPL (-23%), LTIMindtree (-8%), ITC (-6%), Divis Labs (-5%), and HUL (-5%).
- **Our view:** India is currently enjoying the confluence of the best macro and micro tailwinds with ~7% GDP growth, moderating inflation prints, range-bound crude prices, easing 10-year G-sec yield, stable currency, and resilient corporate earnings. The 3QFY24 corporate earnings have exceeded our expectations, with the BFSI and Automobile sectors driving the overall performance. The Metals and O&G sectors reported healthy earnings growth, providing further support to the overall earnings. The spread of earnings has been satisfactory, with 62% of our Coverage Universe either meeting or exceeding profit expectations. However, the earnings revision trend in the broader coverage universe, excluding Nifty, was lackluster. The margin tailwind from 4QFY24 onwards will be receding and facing a high base, necessitating a recovery in revenue growth to drive earnings ahead. Nifty is trading at a 12-month forward P/E ratio of 19.4x, which is in-line with its long-period average (LPA) even as broader markets trade at expensive valuations (NSE Midcap 100 index trading at ~40% premium to Nifty). We prefer PSU Banks, Industrials (Capital Goods and Cement), Real Estate, Consumer Discretionary, and NBFCs, while we are UW on IT and Metals. We recently upgraded Energy to Neutral and downgraded Autos and Pharma to Neutral in our model portfolio. Markets, in the near term, will take cues from: 1) the outcome of the Lok Sabha elections scheduled in Apr/May'24 and 2) the timing and quantum of easing in the interest rate cycle, both globally and in India.

Exhibit 1: Preferred ideas

Company	MCap (USDb)	CMP (INR)	EPS (INR) FY24E	FY25E	FY26E	EPS CAGR (%) FY23-25	PE (x) FY24E	FY25E	FY26E	PB (x) FY24E	FY25E	FY26E	ROE (%) FY24E	FY25E	FY26E
Preferred large cap stocks															
ICICI Bank	85.9	1,022	58.2	66.0	77.1	20.1	17.5	15.5	13.3	3.1	2.6	2.2	18.9	18.3	18.3
SBI	79.9	743	71.2	93.3	110.6	22.3	10.4	8.0	6.7	1.6	1.4	1.1	17.4	19.5	19.1
ITC	60.8	412	16.4	17.2	18.5	7.0	25.1	23.9	22.3	7.3	7.2	7.0	29.4	30.4	31.9
Larsen & Toubro	54.8	3,309	93.5	121.1	149.7	26.3	35.4	27.3	22.1	5.1	4.5	3.9	14.5	17.6	19.1
HCL Technologies	54.6	1,672	58.9	67.5	78.3	11.0	28.4	24.8	21.4	7.0	7.1	7.2	24.6	28.6	33.7
Titan Company	38.3	3,587	41.5	53.1	64.1	20.1	86.4	67.6	55.9	22.1	18.0	14.7	28.1	29.4	29.0
Coal India	34.9	466	50.3	45.4	51.2	-0.3	9.3	10.3	9.1	4.0	3.3	2.8	42.9	32.5	31.1
Mahindra & Mahindra	23.9	1,658	89.0	93.8	102.3	20.3	18.6	17.7	16.2	3.8	3.3	2.9	22.4	20.1	18.9
Zomato	15.8	152	0.4	1.1	2.7	LP	368.0	137.2	57.2	6.6	6.3	5.7	1.8	4.7	10.5
Cipla	13.8	1,426	53.0	57.7	64.4	23.6	26.9	24.7	22.1	4.3	3.7	3.2	16.1	15.2	14.7
GAIL	14.0	176	12.9	13.4	16.6	28.8	13.6	13.2	10.6	1.7	1.6	1.4	14.5	13.6	15.2
Preferred midcap/smallcap stocks															
HPCL	9.3	542	106.7	80.5	80.9	LP	5.1	6.7	6.7	1.8	1.5	1.3	40.1	24.1	20.6
Indian Hotels	9.0	528	8.8	11.0	13.0	24.9	60.1	48.0	40.6	8.2	7.1	6.1	14.6	15.9	16.2
Godrej Properties	7.7	2,314	27.1	46.2	47.4	43.8	85.5	50.0	48.9	6.5	5.7	5.1	7.8	12.2	11.1
Dalmia Bharat	4.6	2,056	45.1	64.9	89.1	33.3	45.6	31.7	23.1	2.4	2.2	2.1	5.3	7.3	9.3
Angel one	3.3	3,278	131.6	163.8	199.6	23.4	24.9	20.0	16.4	9.6	7.4	5.8	43.6	41.8	39.9
IIFL Finance	2.6	574	50.9	65.0	81.4	28.3	11.3	8.8	7.0	2.1	1.7	1.4	19.8	21.0	21.6
PNB Housing	2.5	785	56.1	73.1	91.3	8.6	14.0	10.7	8.6	1.4	1.2	1.1	11.2	12.0	13.5
Sobha	1.5	1,355	14.0	40.8	83.6	94.3	96.5	33.2	16.2	5.0	4.4	3.5	5.3	14.2	24.1
Lemon Tree Hotel	1.3	136	1.6	3.1	4.2	42.5	84.2	44.1	32.4	10.8	8.7	6.8	13.7	21.8	23.6
Restaurant Brands	0.6	105	-3.4	-0.9	0.8	Loss	-30.9	-112.8	130.4	7.7	8.2	7.7	-22.1	-7.0	6.1

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

Performance above expectations: BFSI, Autos, and Metals drive earnings

- The MOFSL Universe's sales/EBITDA/PBT/PAT grew 5%/15%/22%/29% YoY (vs. est. of +4%/10%/18%/19%). Excluding OMCs, the MOFSL Universe companies recorded sales/EBITDA/PBT/PAT growth of 7%/12%/17%/24% YoY (v/s est. of +8%/10%/15%/17%) in 3QFY24.
- Corporate earnings in 3QFY24 exceeded our expectations, with MOFSL estimates primarily being driven by the Financials and Auto sectors. The Metals sector also contributed to earnings for the second straight month with 74% YoY growth.
- The banking sector reported a strong performance in 3QFY24, driven by healthy business growth, controlled provisions, persistent NIM pressure, and high opex. Credit growth was mainly driven by retail growth. The corporate sector saw a gradual pickup, aided by MSME growth. Most of the banks witnessed stagnant or a slight dip in margins, barring select PSU Banks.
- The EBITDA margin for the MOFSL Universe (ex-Financials) expanded 210bp YoY to 16.6%.
- The gross margin for most of the sectors expanded, while the margin for a few contracted in 3QFY24. Ten out of the 13 major sectors under MOFSL Coverage reported an expansion in gross margin YoY, while three sectors witnessed a contraction.

Exhibit 2: Sector-wise 3QFY24 performance of MOFSL Universe companies (INRb)

Sector (no of companies)	Sales				EBIDTA				PBT				PAT			
	Dec-23	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Dec-23	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Dec-23	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Dec-23	Chg. % QoQ	Chg. % YoY	Var. over Exp. %
Automobiles (23)	2,803	2.4	19.9	1.0	387	5.0	44	4.2	276	-0.5	57.5	10.4	223	9.9	59.7	19.4
Capital Goods (10)	820	7.9	17.3	0.4	92	5.7	18.5	-4.2	81	2	22.7	-2.6	55	0.6	28.4	-4.8
Cement (11)	511	4.9	8.7	0.2	93	27.2	56	1.0	62	16.4	93.5	0.8	47	14.3	104.8	3.6
Chemicals-Specialty (9)	63	1.2	-11.3	1.2	10	-1.1	-21.6	-4.7	9	-5	-27.1	-7.5	7	-5.5	-28.2	-8.9
Consumer (19)	792	-1.2	3.8	-2.7	195	-0.4	9	-1.9	192	0.4	10.5	0.6	150	4.7	14.3	4.1
EMS (5)	19	13.0	39.0	-6.2	2	22.9	21.4	-12.0	2	21	37.3	-8.8	1	16.1	35.6	-6.7
Financials (49)	2,655	3.7	12.9	0.4	1,416	1.9	5	1.4	1,085	-4.1	12.7	-2.4	875	2.6	22.3	4.6
Banks-Private (13)	860	3.5	17.7	-0.6	644	3.9	14.2	-0.2	535	0	17.5	-3.8	420	1.0	22.4	-0.5
Banks-PSU (6)	856	1.9	6.0	-0.3	519	-1.8	-9	3.6	357	-13.3	1.2	-0.1	306	3.8	21.3	17.0
Insurance (6)	632	5.8	11.5	2.5	33	7.6	-4.0	4.3	19	0	18.3	-10.5	18	-4.0	9.3	-9.1
NBFC - Lending (18)	274	5.1	22.6	0.8	207	4.6	23	1.1	160	6.1	25.1	-1.1	121	6.2	26.3	-0.9
NBFC - Non Lending (6)	33	6.4	40.7	0.1	14	-2.7	24.5	-8.2	14	-1	27.7	-6.4	11	1.1	29.6	-4.8
Healthcare (23)	764	0.3	10.3	-0.2	168	-1.9	13	-2.2	130	-4.6	14.1	-3.1	101	-4.1	16.8	-3.0
Infrastructure (3)	47	9.9	10.3	1.3	12	7.8	5.7	-1.7	6	9	8.7	-11.0	4	31.7	6.8	-6.8
Logistics (7)	140	3.0	22.4	-2.2	51	5.8	31	0.7	37	14.8	45.1	7.2	29	3.6	37.2	5.6
Media (3)	45	-17.9	1.2	-0.2	10	-33.3	-14.2	0.2	8	-34	-16.2	16.5	6	-31.7	-0.8	12.6
Metals (10)	2,729	-0.9	0.7	-0.9	511	20.1	27	20.2	329	37.3	43.1	41.6	230	28.5	73.5	38.3
Oil & Gas (15)	7,779	7.0	-1.0	5.5	929	-18.7	24.3	6.8	640	-26	39.7	11.7	464	-25.7	37.4	13.7
Ex OMCs (12)	3,520	1.1	0.0	-3.8	690	-3.2	9	-1.8	479	-6.1	10.7	-0.6	344	-4.1	10.3	1.4
Real Estate (10)	106	6.9	5.4	-6.8	32	11.5	5.9	-2.7	26	11	5.7	-1.0	22	13.0	10.2	-2.8
Retail (18)	471	12.7	17.5	-1.6	61	22.6	15	-6.1	37	28.8	6.2	-15.6	27	27.7	7.3	-16.9
Staffing (3)	104	2.6	10.5	-3.4	4	8.5	21.4	-4.9	2	-5	25.0	-27.1	1	-16.0	-11.2	-35.9
Technology (12)	1,858	1.5	2.4	1.1	425	2.6	0	4.3	385	2.8	1.0	2.9	284	2.4	-0.2	1.9
Telecom (4)	614	2.7	6.4	-0.6	289	2.3	16.1	-0.2	-11	Loss	Loss	PL	-35	Loss	Loss	Loss
Others (18)	685	5.6	1.1	-1.0	102	15.5	-4	-2.4	47	17.2	-23.9	-18.4	49	55.2	-5.0	-1.7
MOFSL Universe (252)	**23,003**	**3.9**	**5.4**	**1.7**	**4,790**	**-0.4**	**14.7**	**3.9**	**3,342**	**-4.4**	**22.3**	**4.0**	**2,538**	**-0.8**	**28.7**	**7.8**
Ex Financials (203)	**20,348**	**4.0**	**4.5**	**1.9**	**3,374**	**-1.3**	**19.2**	**4.9**	**2,257**	**-4.5**	**27.5**	**7.4**	**1,663**	**-2.4**	**32.4**	**9.5**
Ex Metals & Oil (227)	**12,495**	**3.2**	**10.9**	**0.1**	**3,351**	**3.4**	**10.7**	**1.0**	**2,373**	**-0.8**	**16.0**	**-1.4**	**1,844**	**5.1**	**22.8**	**3.6**
Ex OMCs (249)	**18,744**	**2.1**	**7.1**	**-0.8**	**4,551**	**3.9**	**12.1**	**2.4**	**3,181**	**1.2**	**17.5**	**1.9**	**2,418**	**5.5**	**24.3**	**5.8**
Nifty (50)	**14,268**	**2.3**	**6.2**	**-0.3**	**3,572**	**1.8**	**9.9**	**2.0**	**2,392**	**-4.3**	**9.5**	**0.4**	**1,848**	**0.7**	**17.3**	**5.9**
Sensex (30)	**10,344**	**0.8**	**8.1**	**-2.3**	**2,924**	**3.7**	**10.7**	**1.6**	**1,900**	**-3.2**	**8.6**	**-1.5**	**1,466**	**2.7**	**18.7**	**4.9**

PL: Profit to loss

Exhibit 3: Earnings at a glance for MOFSL and Nifty Universe

Sector	PAT (INR b)	Growth (%)			PAT	
	Dec-23 (actual)	est YoY	actual YoY	QoQ	Var. over Exp. (%)	vs. Exp
MOFSL Universe (252)	2,538	19	29	-1	8	Above
MOFSL Ex OMCs (249)	2,418	17	24	6	6	Above
MOFSL Ex Metals & Oil (227)	1,844	19	23	5	4	In Line
MOFSL Ex Financials (203)	1,663	21	32	-2	10	Above
Nifty (50)	1,848	11	17	1	6	Above
Nifty Ex OMCs (49)	1,815	10	17	4	6	Above
Nifty Ex Metals & Oil (43)	1,401	10	15	4	5	Above
Nifty Ex Financials (40)	1,259	11	18	0	6	Above
MOFSL Ex Nifty Companies	**815**	**46**	**62**	**-1**	**11**	**Above**

Exhibit 4: PAT grew 29% YoY for MOFSL Universe

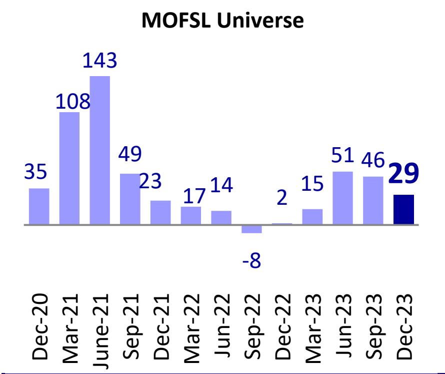


Exhibit 5: PAT jumped 32% YoY for MOFSL Universe, excluding Financials

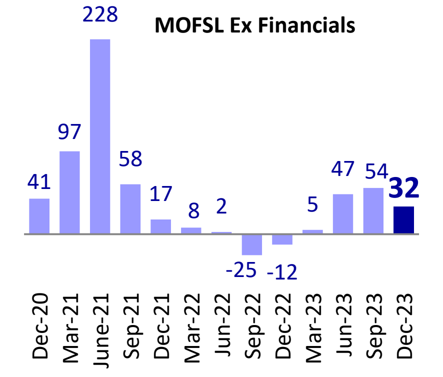


Exhibit 6: PAT rose 24% YoY for MOFSL Universe, sans OMCs

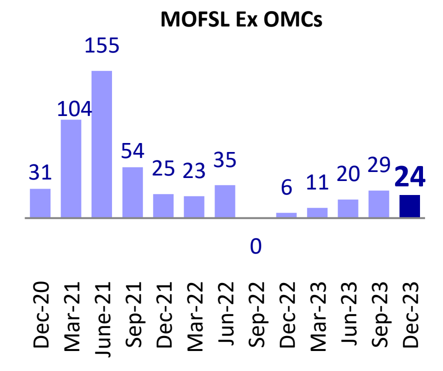


Exhibit 7: PAT growth for the Nifty Universe stood at 17% YoY

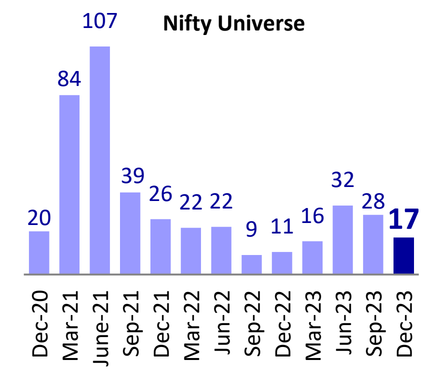


Exhibit 8: PAT for the Nifty Universe, sans Financials, grew 18% YoY

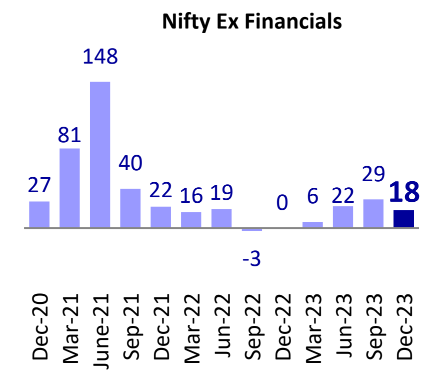
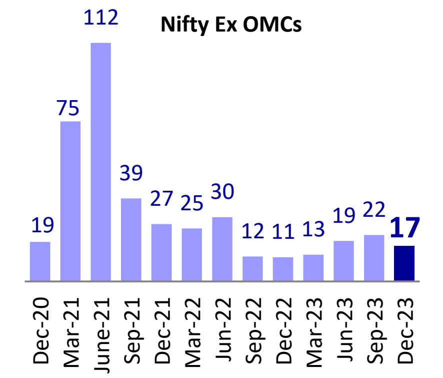


Exhibit 9: PAT grew 17% YoY for the Nifty Universe, sans OMCs



Earnings upgrade-to-downgrade ratio unfavorable for FY25E

- For the MOFSL Universe, however, the earnings upgrade-to-downgrade ratio has turned weaker for FY25E as 58 companies' earnings have been upgraded by >3%, while 84 companies' earnings have been downgraded by >3%.
- The spread of earnings has been satisfactory, with 62% of our Coverage Universe either meeting or exceeding profit expectations. Of the 252 companies under our Coverage, 82 exceeded profit estimates, 95 posted a miss, and 75 were in line on the PAT front.
- Of the 23 sectors under our coverage, 6/10/7 sectors reported profits above/in line/below our estimates.

Exhibit 10: The upgrade-to-downgrade ratio trend for the MOFSL Universe

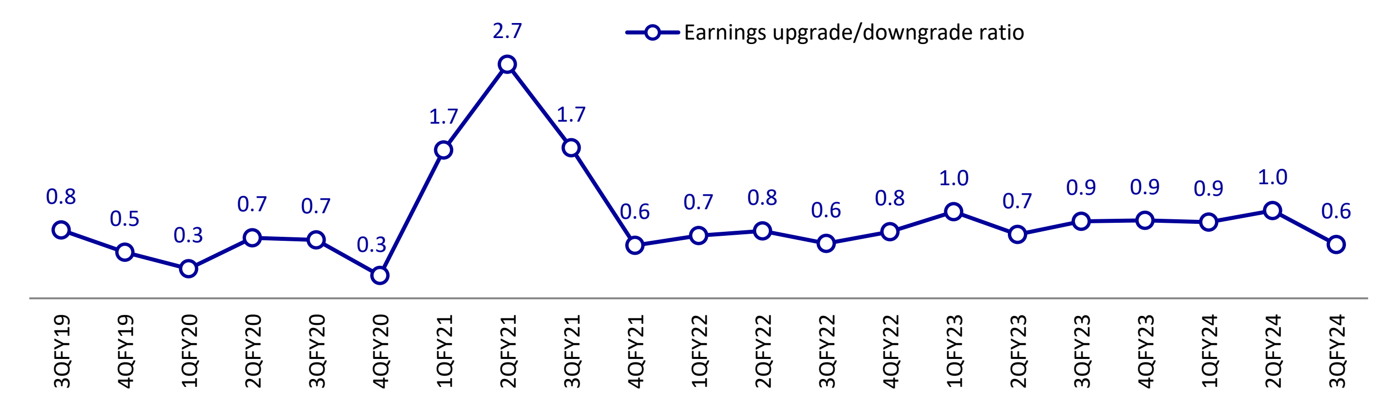


Exhibit 11: Surprise/miss ratio for the MOFSL Universe at 0.9x in 3QFY24

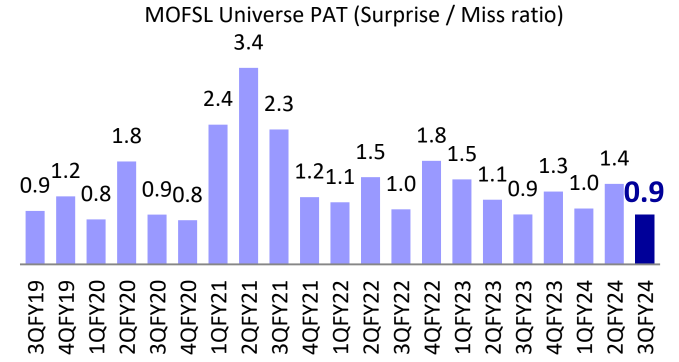


Exhibit 12: Sectoral surprise/miss ratio at 0.9x, for the MOFSL Universe in 3QFY24

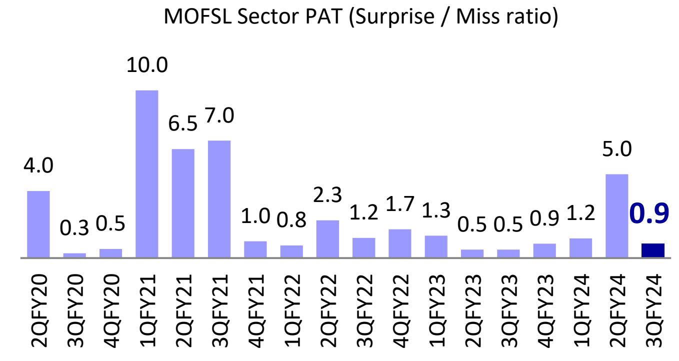


Exhibit 13: Two and three-year profit CAGR for the MOFSL Universe

	EBIDTA (INR b)			CAGR (%)		PBT (INR b)			CAGR (%)		PAT (INR b)			CAGR (%)	
Sector	**3QFY21**	**3QFY22**	**3QFY24**	**2-year**	**3-year**	**3QFY21**	**3QFY22**	**3QFY24**	**2-year**	**3-year**	**3QFY21**	**3QFY22**	**3QFY24**	**2-year**	**3-year**
Automobiles	278	195	387	41	12	187	90	276	75	14	140	58	223	96	17
Capital Goods	61	71	92	14	15	54	57	81	20	14	34	36	55	23	17
Cement	86	68	93	17	2	63	44	62	18	0	44	32	47	21	2
Chemicals-Specialty	11	11	10	-4	-2	10	10	9	-8	-5	8	8	7	-8	-6
Consumer	151	164	195	9	9	146	156	192	11	10	110	118	150	13	11
EMS	0	1	2	69	NA	0	1	2	83	NA	0	0	1	86	NA
Financials	995	1,057	1,416	16	12	461	686	1,085	26	33	350	506	875	32	36
Banks-Private	419	454	644	19	15	258	348	535	24	27	193	262	420	27	30
Banks-PSU	419	433	519	9	7	115	218	357	28	46	87	150	306	43	52
Insurance	16	16	33	45	28	9	6	19	74	27	11	8	18	49	17
NBFC - Lending	134	144	207	20	16	70	102	160	25	31	53	77	121	26	32
NBFC - Non Lending	7	11	14	12	26	8	12	14	12	23	6	9	11	14	24
Healthcare	129	138	168	10	9	105	109	130	9	7	82	87	101	8	7
Infrastructure	13	12	12	4	-3	7	5	6	8	-3	5	3	4	22	-4
Logistics	35	36	51	19	13	24	26	37	20	15	19	22	29	15	16
Media	12	13	10	-11	-7	10	10	8	-11	-7	8	8	6	-13	-10
Metals	505	655	511	-12	0	357	498	329	-19	-3	246	353	230	-19	-2
Oil & Gas	526	730	929	13	21	379	561	640	7	19	296	418	464	5	16
Real Estate	23	23	32	18	13	13	17	26	22	26	11	18	22	11	27
Retail	36	55	61	6	19	23	40	37	-4	17	18	30	27	-5	15
Staffing	3	3	4	3	5	2	2	2	-10	-3	1	2	1	-12	3
Technology	338	369	425	7	8	314	342	385	6	7	234	256	284	5	7
Telecom	209	233	289	11	11	-36	-20	-11	Loss	Loss	-48	-45	-35	Loss	Loss
Others	58	74	102	18	21	23	36	47	15	28	15	28	49	32	49
MOFSL Universe	**3,469**	**3,906**	**4,790**	**11**	**11**	**2,142**	**2,669**	**3,342**	**12**	**16**	**1,571**	**1,937**	**2,538**	**14**	**17**
Nifty Universe	**2,456**	**2,865**	**3,572**	**12**	**13**	**1,531**	**1,946**	**2,392**	**11**	**16**	**1,131**	**1,425**	**1,848**	**14**	**18**

Exhibit 14: Sales for MOFSL Universe up 5% YoY (est. 4%)

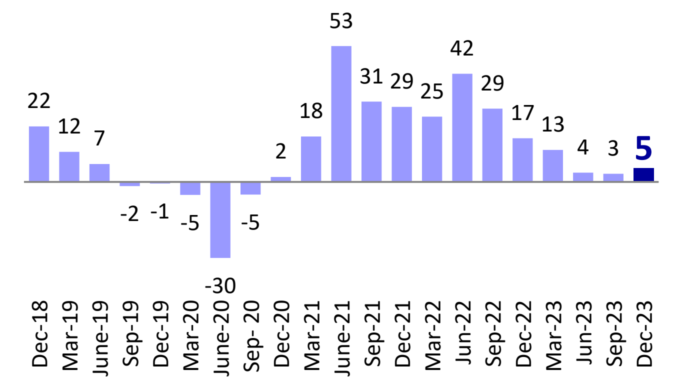


Exhibit 15: EBITDA for MOFSL Universe up 15% YoY (est. 10%)

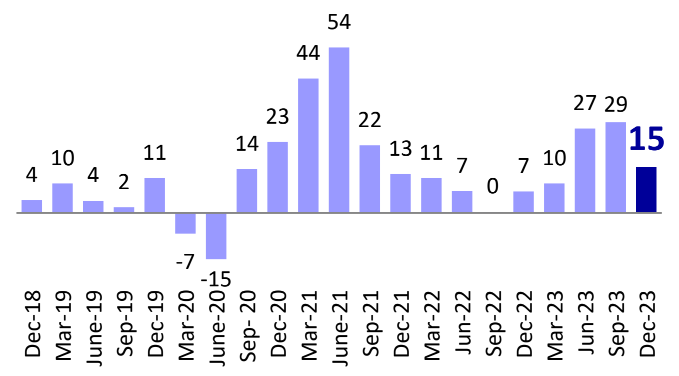


Exhibit 16: PAT growth for MOFSL Universe at 29% YoY (est. 19%)

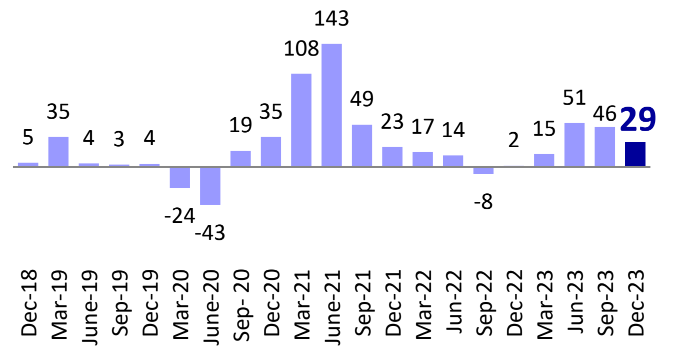


Exhibit 17: EBITDA margin, excluding Financials, expanded 210bp YoY to 16.6%

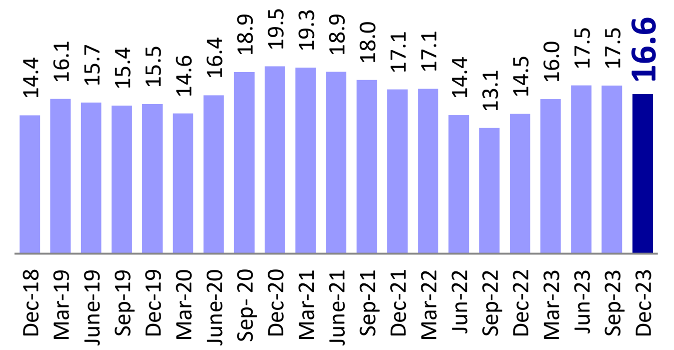


Exhibit 18: MOFSL Universe (ex-Nifty) posted 62% YoY growth in profits, driven by OMCs

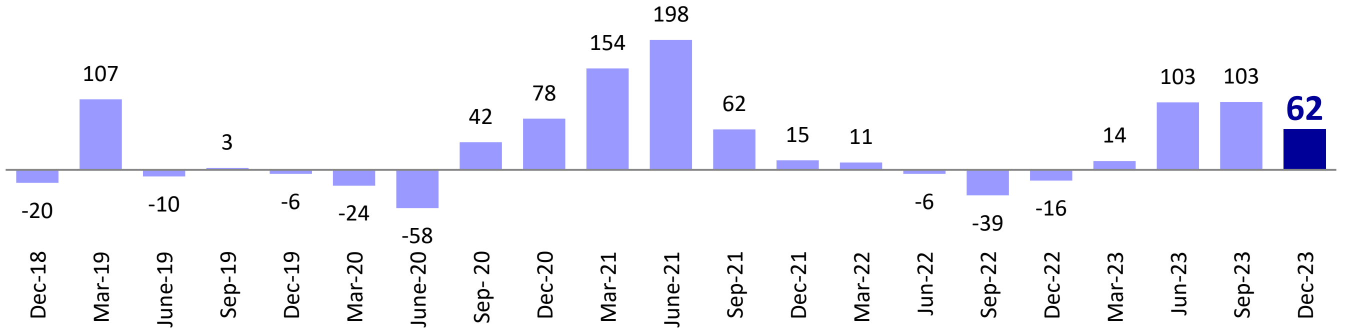


Exhibit 19: Sales growth YoY for MOFSL Universe, excluding Nifty companies, stood at 4% YoY

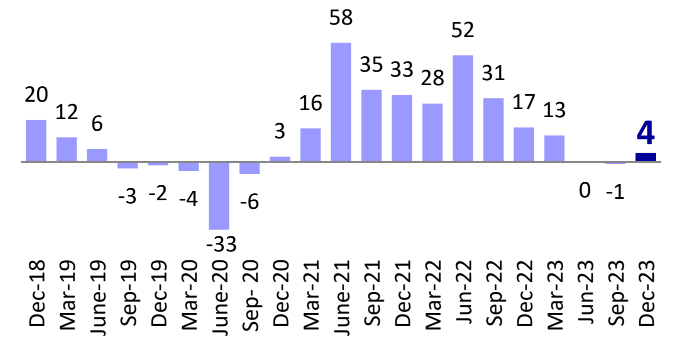
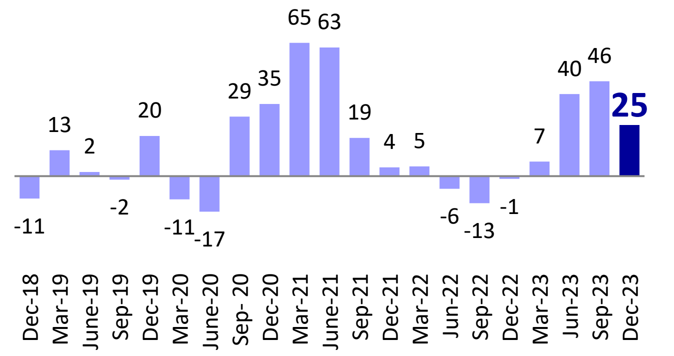


Exhibit 20: EBITDA growth was 25%YoY for MOFSL Universe, excluding Nifty companies



Margin continues to recover

- Sales for the MOFSL Universe companies grew 5% YoY (in line). Excluding Metals and O&G, sales growth was in line at 11% YoY (in line).
- Sectoral sales growth: Automobile (20%), Private Banks (18%), Retail (18%), Capital Goods (+17%), Healthcare (10%), PSU Banks (6%), Real Estate (5%) and Technology (2%).
- EBITDA margin for the MOFSL Universe (ex-Financials) rose 210bp YoY to 16.6%. Gross margins for major sectors spiked, while margins for a few contracted.
- In 3QFY24, 10 of the 13 major sectors under MOFSL Coverage reported an expansion in gross margin YoY, while three sectors experienced a contraction.

Exhibit 21: Gross margin revived in several sectors during the quarter

	FY21		FY22				FY23				FY24			Change in GM bps YoY
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Infrastructure	40.5	35.2	35.3	40.8	41.4	36.0	40.7	71.4	39.1	36.6	36.7	40.2	51.7	1,266
Oil & Gas	25.6	25.1	24.3	23.0	20.9	21.8	16.8	17.0	18.5	22.6	28.4	19.7	23.9	546
Cement	63.6	63.5	65.5	61.5	56.2	55.1	54.5	50.4	51.1	51.0	58.4	54.0	55.6	448
Real Estate	46.9	52.9	45.1	47.1	51.5	41.5	48.8	58.5	55.4	50.0	54.9	57.2	59.9	447
Metals	63.5	65.7	62.7	60.7	57.5	55.6	58.1	49.9	53.0	55.8	54.6	53.4	57.4	431
Logistics	19.4	19.8	16.7	19.6	19.5	19.8	50.8	49.1	47.8	49.7	52.0	50.8	51.3	349
Consumer	52.7	51.0	49.2	49.6	48.7	48.7	46.8	47.6	49.2	50.4	50.8	51.9	52.2	295
Automobiles	31.7	31.0	30.8	29.1	29.8	29.3	31.6	32.0	33.4	34.0	34.8	34.6	35.8	248
Healthcare	64.5	65.1	63.5	63.4	63.0	62.6	62.3	63.8	63.9	63.8	65.0	65.5	65.9	195
Others	48.5	45.2	44.8	42.4	45.8	43.0	45.0	41.8	46.2	44.1	49.4	46.1	46.7	54
Technology	37.0	35.8	35.8	35.5	35.2	34.5	33.1	33.6	34.4	34.5	33.8	33.9	34.3	-7
Retail	28.9	27.9	33.8	34.5	35.6	35.8	35.6	35.3	34.0	33.7	33.4	33.0	33.7	-32
Chemicals-Spec	48.5	48.3	45.6	40.6	41.7	42.9	41.6	39.4	41.2	42.4	40.8	41.0	40.7	-49

Source: 175 companies that form part of the MOFSL Universe, excluding Financials, Telecom, Media, and Staffing

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

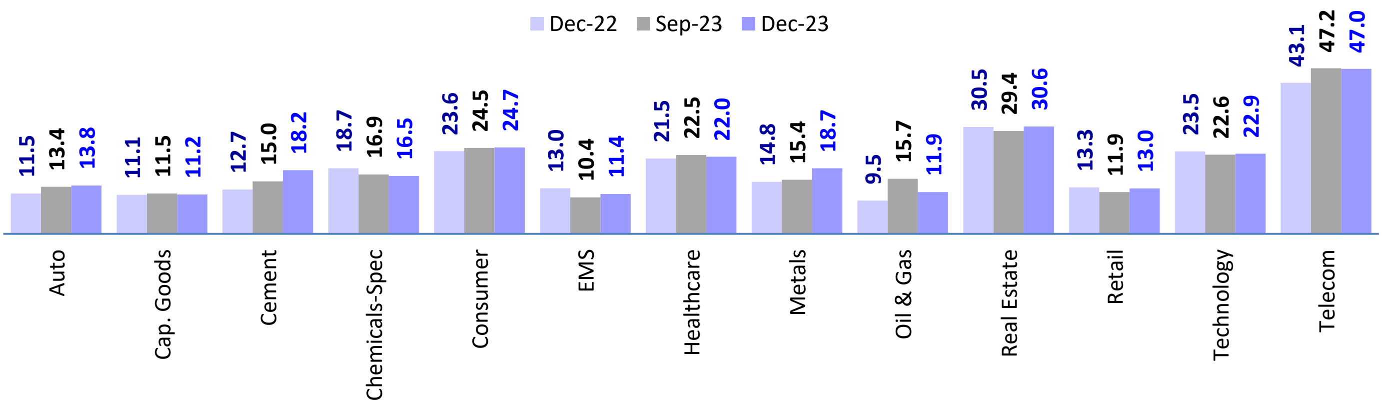


Exhibit 23: Financials' contribution climbed in 3Q; it accounted for more than 1/3rd of the overall profit pool

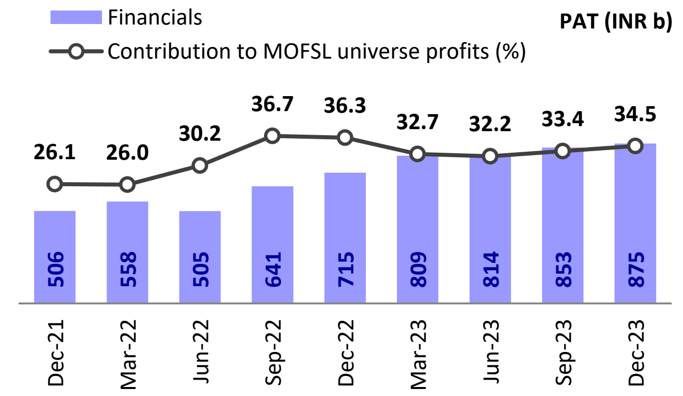


Exhibit 24: Auto sector's contribution to the overall profit pool climbed in 3QFY24

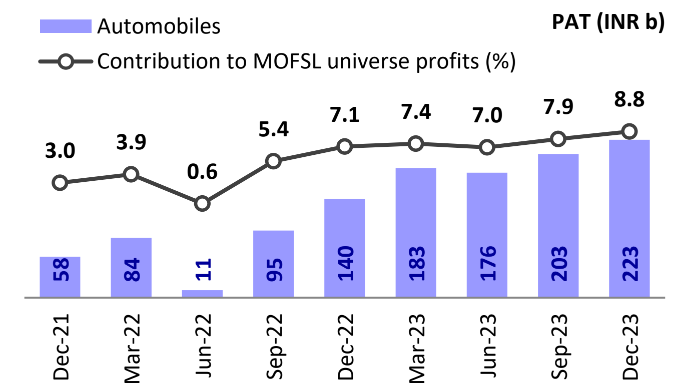


Exhibit 25: IT sector's contribution to the overall profit pool remained stable

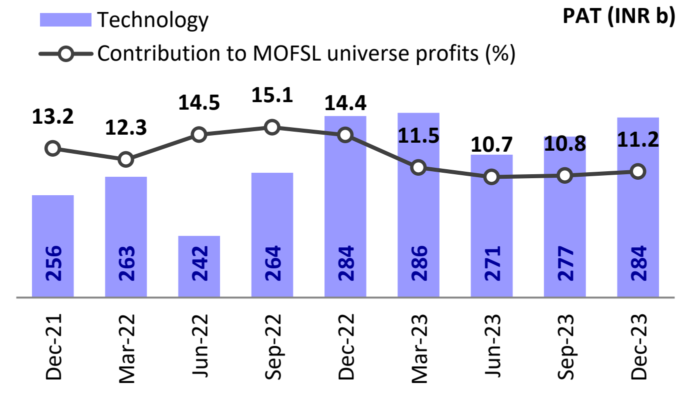


Exhibit 26: Consumer sector's contribution improved in 3QFY24

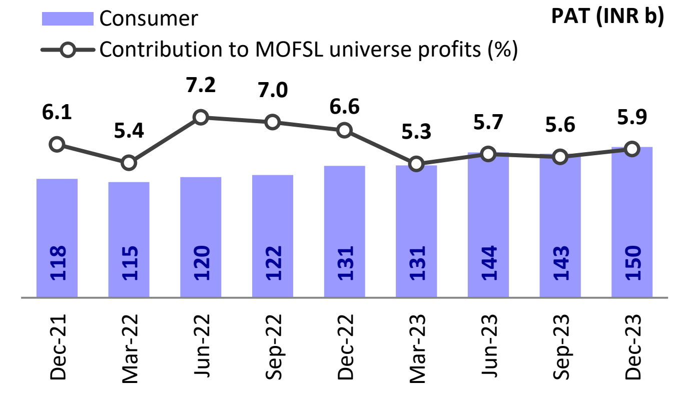


Exhibit 27: Metals' PAT contribution to the MOFSL Universe improved in 3QFY24

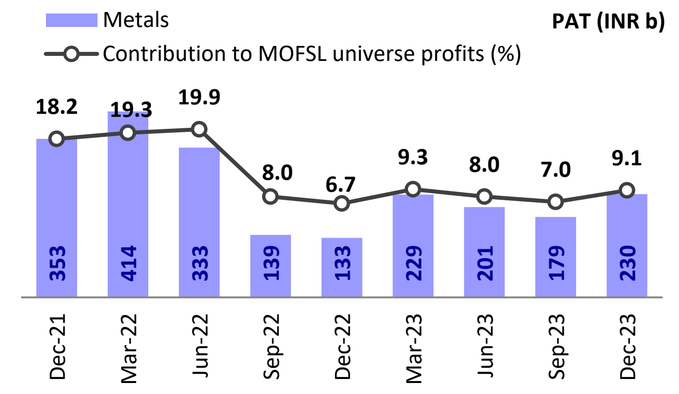
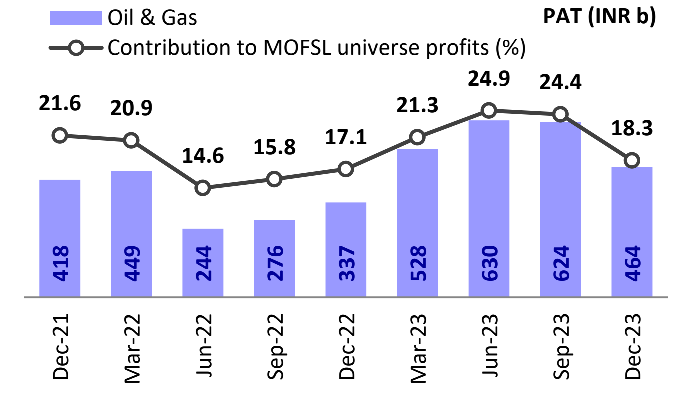


Exhibit 28: O&G's PAT contribution fell sharply by 6.1pp



Performance highlights for Nifty constituents in 3QFY24

Top five stocks account for ~56% of the incremental profit YoY

- Sales/EBITDA/PBT growth for Nifty constituents was in line with our estimates at +6%/+10%/+10% YoY in 3QFY24.PAT was above our estimates and grew 17% YoY (est. of +11%). Excluding Financials, profit for Nifty constituents rose 18% YoY (est. of +11%).
- Among Nifty constituents, 30% exceeded our PAT estimates, while 24% missed our estimates.
- Tata Steel, JSW Steel, Tata Motors, Adani Ports, Cipla, Grasim Industries, Asian Paints, Coal India, M&M, ITC, Power Grid, HCL Tech, Dr. Reddy's, SBI, and Wipro delivered higher-than-estimated earnings.
- Conversely, UPL, Hindalco, Ultratech Cement, Divis Labs, Bharti Airtel, L&T, Titan Company, Kotak Bank, SBI Life Insurance, NTPC, HUL, and Tech M. missed our profit estimates.
- Six Nifty companies witnessed earnings upgrades of over 5% in their FY25 EPS estimates; while, four companies witnessed downgrades of over 5%.

Exhibit 29: Nifty sales up 6% YoY (in line) in 3QFY24

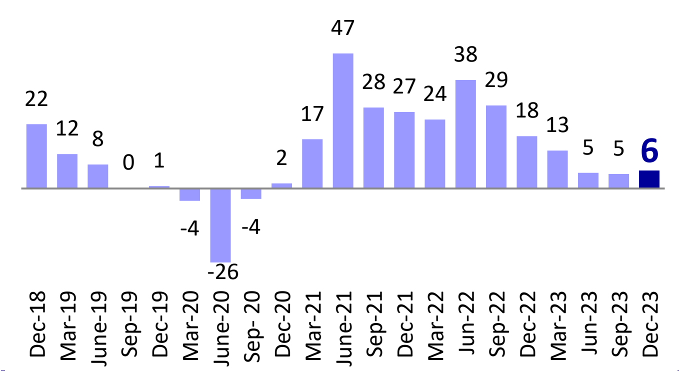


Exhibit 30: Nifty EBITDA up 10% YoY (est. 8%) in 3QFY24

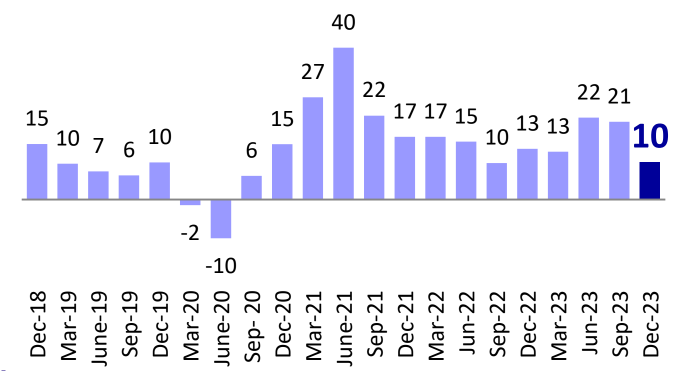


Exhibit 31: Nifty PAT up 17% YoY (est. 11%)

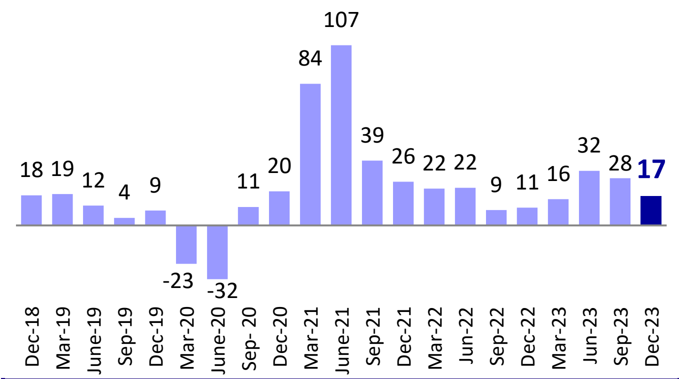


Exhibit 32: Nifty EBITDA margin (ex-Financials) expanded 90bp YoY to 19.6%

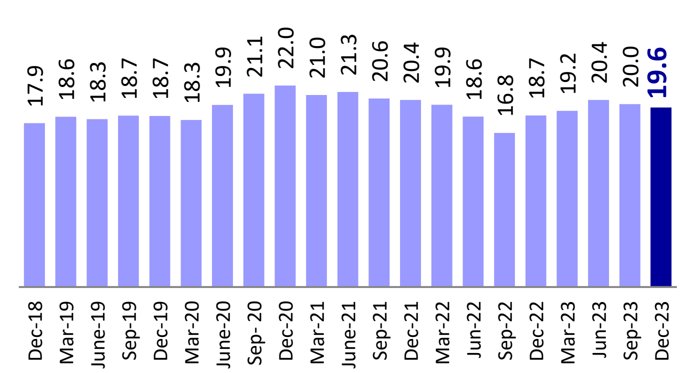


Exhibit 33: BFSI, Autos, and O&G to drive earnings for the Nifty

Sector	PAT (INR b)						Growth YoY (%)					
	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY21	FY22	FY23	FY24E	FY25E	FY26E
Automobiles	179	76	287	597	663	748	74	-57	275	108	11	13
BFSI	1,009	1,395	1,971	2,419	2,953	3,516	26	38	41	23	22	19
Capital Goods	68	84	104	129	166	206	-23	24	24	23	29	24
Cement	100	130	115	132	151	175	0	31	-11	14	15	16
Consumer	292	319	386	439	466	507	1	9	21	14	6	9
Healthcare	129	172	181	217	249	289	38	33	6	19	15	16
Logistics	45	59	76	91	104	127	-10	30	28	20	14	22
Metals	344	926	504	565	699	785	45	169	-46	12	24	12
Oil & Gas	776	1,107	1,076	1,461	1,540	1,720	20	43	-3	36	5	12
Retail	10	23	33	37	47	57	-35	138	40	13	28	21
Technology	836	958	1,022	1,060	1,221	1,432	7	15	7	4	15	17
Telecom	-7	35	82	106	182	227	Loss	Loss	LP	29	73	24
Utilities	277	306	323	352	388	415	13	10	6	9	10	7
Others	46	56	72	38	58	79	26	23	27	-47	52	35
Nifty-50	**4,103**	**5,648**	**6,232**	**7,643**	**8,887**	**10,282**	**19**	**38**	**10**	**23**	**16**	**16**

Exhibit 34: Sectoral upgrades/downgrades for the MOFSL Universe

	PAT (INR b) - preview			PAT (INR b) - review			Upgrade/downgrade (%)			Growth YoY (%)		
Sector	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Automobiles	797	898	1,029	819	938	1,069	2.8	4.5	3.9	91	14	14
Capital Goods	224	277	336	221	284	346	-1.2	2.2	3.1	26	28	22
Cement	226	266	313	225	267	314	-0.3	0.7	0.4	28	19	17
Chemicals-Specialty	30	38	46	29	36	44	-2.1	-6.4	-4.8	-23	22	22
Consumer	587	660	737	589	640	707	0.4	-3.0	-4.0	16	9	11
EMS	6	9	14	6	9	13	-5.7	-5.1	-3.5	34	55	49
Financials	3,542	4,341	5,235	3,548	4,319	5,177	0.2	-0.5	-1.1	28	22	20
Banks-Private	1,702	2,040	2,456	1,687	1,993	2,388	-0.9	-2.3	-2.8	26	18	20
Banks-PSU	1,232	1,560	1,877	1,262	1,589	1,889	2.4	1.9	0.6	31	26	19
Insurance	83	100	116	75	94	113	-9.6	-6.4	-2.1	12	25	21
NBFC - Lending	477	583	717	477	585	717	0.0	0.4	0.0	32	23	23
NBFC - Non Lending	48	58	68	47	58	69	-1.4	0.0	1.3	43	23	19
Healthcare	408	487	565	414	497	582	1.6	2.1	3.1	26	20	17
Infrastructure	19	23	26	18	22	28	-6.0	-6.0	6.7	-11	22	30
Logistics	109	130	157	112	132	162	2.2	1.5	2.7	15	18	23
Media	25	32	39	26	31	38	0.2	-3.4	-4.6	23	22	21
Metals	754	1,012	1,164	831	1,048	1,208	10.2	3.6	3.8	0	26	15
Oil & Gas	2,348	2,169	2,385	2,356	2,174	2,383	0.4	0.3	-0.1	73	-8	10
Excl. OMCs	1,527	1,670	1,899	1,474	1,674	1,890	-3.5	0.3	-0.4	14	14	13
Real Estate	100	142	155	86	129	163	-13.8	-9.1	4.8	9	50	26
Retail	97	133	173	88	124	161	-9.4	-7.0	-7.1	1	40	30
Staffing	8	13	15	7	12	16	-12.1	-6.7	6.6	18	61	35
Technology	1,118	1,284	1,509	1,123	1,295	1,522	0.4	0.9	0.9	4	15	18
Telecom	-125	1	77	-151	-20	72	20.8	Loss	-6.6	Loss	Loss	LP
Others	195	278	352	190	266	345	-2.8	-4.2	-2.1	33	41	29
MOFSL Universe	**10,469**	**12,192**	**14,328**	**10,538**	**12,203**	**14,349**	**0.7**	**0.1**	**0.1**	**32**	**16**	**18**

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

Exhibit 35: Nifty delivered 17% YoY profit growth in 3QFY24

	Sales				EBITDA				PAT				EBIDTA Margin	
Company	**Dec 2023**	**Chg. YoY (%)**	**Chg. QoQ (%)**	**Var. (%)**	**Dec 2023**	**Chg. YoY (%)**	**Chg. QoQ (%)**	**Var. (%)**	**Dec 2023**	**Chg. YoY (%)**	**Chg. QoQ (%)**	**Var. (%)**	**Dec 2023 (%)**	**Chg. YoY bp**
High PAT growth														
Tata Steel	553	-3	-1	-10	63	55	47	25	8	LP	21	47	11.3	4.2
JSW Steel	419	7	-6	2	72	58	-9	9	23	365	-26	9	17.1	5.5
Tata Motors	1,106	25	5	3	153	59	12	11	71	140	84	102	13.9	3.0
Adani Enterprises	283	6	26	0	32	98	38	0	19	130	595	0	11.4	5.3
BPCL	1,155	-3	12	15	63	43	-52	-1	34	73	-60	4	5.4	1.8
Hindalco	528	-1	-3	4	59	65	5	-5	23	71	8	-19	11.1	4.4
Ultratech Cement	167	8	5	0	33	39	28	-4	18	68	39	-7	19.4	4.4
Apollo Hospitals	49	14	0	3	6	21	-2	3	2	60	6	4	12.7	0.8
Adani Ports	69	45	4	1	42	39	8	3	24	51	6	11	60.5	-2.4
Hero Motocorp	97	21	3	1	14	47	3	1	11	51	2	3	14.0	2.5
Cipla	66	14	-1	2	17	24	1	12	12	49	2	23	26.5	2.2
Grasim Industries	64	3	-1	-1	5	10	-12	-10	2	47	-70	19	8.2	0.5
Bajaj Auto	121	30	12	0	24	37	14	0	20	37	11	0	20.1	1.0
Asian Paints	91	5	7	-4	21	28	20	12	15	34	20	20	22.6	3.9
Eicher Motors	42	12	2	4	11	27	0	0	10	34	-2	3	26.1	3.1
HDFC Bank	285	24	4	-2	236	24	4	-2	164	34	2	1	83.1	0.3
Maruti Suzuki	333	15	-10	0	39	38	-18	-4	31	33	-16	2	11.7	2.0
Divis Labs	19	9	-3	-9	5	20	-2	-13	3	26	-3	-15	26.4	2.5
Bharti Airtel	379	6	2	0	198	7	2	-1	25	25	-16	-17	52.3	0.7
ICICI Bank	187	13	2	1	147	11	3	4	103	24	0	3	78.8	-1.8
Nestle	46	8	-9	-3	11	14	-9	-1	8	24	-3	3	24.5	1.2
Bajaj Finance	77	29	6	0	61	27	5	-1	36	22	2	-2	0.0	0.0
Bajaj Finserv	290	33	12	7	290	33	12	7	22	21	12	4	0.0	0.0
Larsen & Toubro	551	19	8	2	58	14	2	-7	29	20	-9	-15	10.4	-0.5
Med/Low PAT growth														
Sun Pharma	122	11	1	-1	31	13	3	-1	25	19	3	-1	25.7	0.6
Tata Consumer	38	9	2	1	6	26	7	10	3	19	0	2	15.0	2.0
IndusInd Bank	53	18	4	0	40	10	3	-1	23	17	5	-1	76.3	-5.7
Coal India	362	3	10	4	119	6	34	41	91	17	33	60	33.0	1.1
HDFC Life Insur.	155	7	4	-7	9	-2	7	-10	4	16	-3	4	5.5	-0.5
Titan Company	142	22	13	-3	16	16	11	-11	11	15	15	-15	11.0	-0.6
ITC	165	2	0	-4	60	-3	0	-6	56	11	13	10	36.5	-1.8
Mahindra & Mahindra	253	17	4	-1	32	15	6	0	25	11	-29	5	12.8	-0.2
Reliance Inds.	2,251	4	-3	-6	407	15	-1	-1	173	9	-1	-2	18.1	1.8
LTIMindtree	90	5	1	0	16	9	-3	-2	12	8	1	1	17.6	0.7
TCS	606	4	1	2	164	5	4	3	118	8	3	1	27.1	0.3
Kotak Mahindra Bank	66	16	4	1	46	19	-1	-5	30	8	-6	-11	69.7	1.6
Power Grid Corp.	108	-2	5	-13	95	-1	5	-9	40	7	4	11	88.2	0.6
HCL Technologies	284	7	7	1	67	6	13	11	44	6	14	8	23.6	-0.1
SBI Life Insurance	225	16	11	14	17	11	13	16	3	6	-15	-20	7.5	-0.3
Dr Reddy’ s Labs	72	7	5	5	20	-1	2	6	14	5	4	14	28.1	-2.3
Axis Bank	125	9	2	-1	91	-1	6	1	61	4	4	0	72.9	-8.0
NTPC	395	-5	-3	-14	99	-25	-6	-17	46	2	18	-10	25.2	-6.8
State Bank	398	5	1	-1	203	-19	5	17	144	1	0	31	51.1	-15.2
Britannia	43	1	-4	-3	8	0	-6	-3	6	1	-5	-2	19.3	-0.2
Negative PAT Growth														
Hind. Unilever	152	0	-1	-4	35	0	-4	-9	25	-2	-5	-10	23.3	0.1
Infosys	388	1	0	1	97	-4	-3	2	61	-7	-2	-1	25.1	-1.5
Wipro	222	-4	-1	1	42	-10	0	9	27	-12	2	8	19.0	-1.2
ONGC	348	-10	-1	-1	172	-16	-7	-4	95	-14	-7	4	49.3	-3.6
Tech Mahindra	131	-5	2	3	14	-37	-4	-1	7	-45	-27	-9	10.3	-5.3
UPL	99	-28	-3	-2	4	-86	-74	-60	-6	PL	PL	Loss	4.2	-18.0
Nifty Universe	**14,268**	**6**	**2**	**0**	**3,572**	**10**	**2**	**2**	**1,848**	**17**	**1**	**6**	**25.0**	**0.9**
Nifty Ex OMCs	**13,113**	**7**	**2**	**-1**	**3,510**	**9**	**4**	**2**	**1,815**	**17**	**4**	**6**	**26.8**	**0.6**

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

Nifty EPS stable

- Our Nifty EPS estimates for FY24/FY25 have remained unchanged at INR975/INR1,142 (vs. INR976/INR1,142). We now expect the Nifty EPS to grow ~21%/17% YoY in FY24/ FY25.
- **The top earnings upgrades in FY25E:** Tata Motors (+26%), Coal India (+10%), Hero MotoCorp (+10%), Cipla (+8%), and Bharti Airtel (+7%).
- **The top earnings downgrades in FY25E:** UPL (-23%), LTIMindtree (-8%), ITC (-6%), Divis Labs (-5%), and HUL (-5%).

Exhibit 36: FY25E EPS revision – Six Nifty constituents saw upgrades of over 5%, while four witnessed downgrades of over 5%

Company	Current EPS (INR)			EPS Upgrade / Downgrade (%)			EPS Growth (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
HDFC Life Insur.	7.4	11.3	14.0	-9.0	27.7	44.1	17.7	51.6	24.3
Tata Motors	52.9	62.3	72.3	22.6	25.8	18.3	2360.1	17.7	16.1
Coal India	50.3	45.4	51.2	22.5	10.4	11.6	10.1	-9.8	12.7
Hero MotoCorp	199.5	236.9	277.2	-0.1	9.8	14.4	37.0	18.8	17.0
Cipla	53.0	57.7	64.4	11.7	8.2	12.1	40.4	8.9	11.6
Bharti Airtel	18.9	32.6	40.6	-7.4	6.9	9.9	29.4	72.8	24.4
Dr Reddy' s Labs	317.8	322.9	338.8	7.1	4.6	4.3	29.9	1.6	4.9
HCL Technologies	58.9	67.5	78.3	3.0	3.8	7.6	7.5	14.5	16.1
Sun Pharma	40.1	47.3	56.6	1.6	3.7	5.4	12.2	17.9	19.5
Adani Ports	42.0	48.1	58.6	4.7	3.5	3.8	20.1	14.4	21.9
Apollo Hospitals	64.5	95.7	135.2	1.2	3.4	2.3	33.9	48.4	41.3
State Bank	71.2	93.3	110.6	0.8	3.1	4.0	14.2	31.1	18.5
Britannia	89.0	101.1	113.0	0.6	3.0	1.6	10.8	13.7	11.8
Hindalco	45.7	57.9	60.4	-3.3	2.2	-5.8	0.9	26.7	4.3
TCS	125.7	146.8	170.1	-0.2	2.1	1.5	9.0	16.8	15.9
Nestle	40.4	36.6	40.9	35.5	1.7	1.4	60.0	-9.4	11.7
ICICI Bank	58.2	66.0	77.1	1.6	0.9	1.1	27.2	13.3	16.8
Wipro	20.6	22.9	27.3	4.9	0.7	0.1	-0.6	11.5	19.2
Larsen & Toubro	93.5	121.1	149.7	-4.2	0.2	1.9	23.3	29.5	23.7
JSW Steel	43.5	65.4	73.6	2.8	0.1	-0.1	195.8	50.3	12.6
Eicher Motors	147.5	167.2	195.2	0.0	0.0	0.0	38.4	13.4	16.8
Reliance Inds.	100.9	120.7	138.8	-1.5	-0.1	0.2	2.3	19.7	15.0
Infosys	59.3	67.8	79.4	-0.6	-0.4	-0.2	3.1	14.2	17.2
Tech Mahindra	40.4	50.9	68.0	-3.4	-0.5	0.4	-29.5	26.1	33.8
Mahindra & Mahindra	89.0	93.8	102.3	-0.5	-0.6	-2.3	37.2	5.4	9.1
Tata Steel	4.0	10.8	12.9	-11.1	-0.7	2.1	-43.6	171.5	19.0
Bajaj Finance	235.7	303.9	384.2	-1.0	-0.8	-1.3	23.8	28.9	26.4
Grasim Industries	94.3	96.0	105.6	-0.4	-1.3	-0.6	-4.2	1.8	9.9
Bajaj Auto	277.3	310.9	348.5	-1.8	-1.4	-0.8	29.5	12.1	12.1
Asian Paints	58.7	61.3	67.2	4.9	-1.4	-5.0	32.8	4.4	9.6
Ultratech Cement	242.1	305.1	366.4	-3.3	-1.6	-2.4	38.0	26.0	20.1
ONGC	39.3	44.3	48.6	-8.1	-1.7	-4.4	29.3	12.7	9.9
Kotak Mahindra Bank	89.7	103.3	121.3	-2.4	-2.0	-2.2	18.2	15.2	17.4
HDFC Bank	79.8	96.2	115.8	-2.7	-2.6	-2.6	0.6	20.6	20.4
BPCL	131.1	74.3	74.6	2.4	-2.7	-2.7	1291.4	-43.3	0.4
Maruti Suzuki	428.0	447.4	483.0	-3.4	-2.9	-5.0	57.5	4.5	7.9
Titan Company	41.5	53.1	64.1	-7.4	-3.4	-5.4	12.9	27.8	20.8
IndusInd Bank	116.0	140.5	170.5	-1.2	-3.4	-4.5	20.8	21.2	21.4
Tata Consumer	14.8	18.5	20.6	2.9	-4.1	-4.5	29.8	25.1	11.2
Axis Bank	78.3	89.9	107.3	2.1	-4.2	-6.4	9.7	14.9	19.3
Hind. Unilever	44.5	49.0	53.6	-3.2	-4.6	-4.6	2.5	10.1	9.4
Divis Labs	56.5	77.4	93.8	-7.2	-4.6	-3.7	-12.9	36.9	21.1
ITC	16.4	17.2	18.5	0.6	-6.2	-7.7	9.1	5.0	7.3
LTIMindtree	157.9	179.2	220.0	-1.4	-8.3	-9.1	4.0	13.5	22.7
SBI Life Insurance	18.4	21.7	24.6	-9.2	-8.9	-5.8	7.0	17.9	13.3
UPL	0.4	26.5	53.2	-96.9	-23.0	-11.1	-99.3	6008.4	101.0
Nifty (50)	**975**	**1,142**	**1,329**	**-0.1**	**0.0**	**-0.2**	**20.8**	**17.1**	**16.4**

Exhibit 37: We estimate a 20% CAGR for Nifty free-float PAT over FY23–25

Company	Sales (INR b)			Sales CAGR % 23-25	EBIDTA Margin (%)			EBITDA CAGR % 23-25	PAT (INR b)			PAT CAGR % 23-25	Contbn to Delta %
	FY24E	FY25E	FY26E		FY24E	FY25E	FY26E		FY24E	FY25E	FY26E		
High PAT Growth (20%+)	**33,033**	**36,055**	**39,306**	**8**	**23**	**24**	**25**	**20**	**3,957**	**4,723**	**5,510**	**31**	**75**
Tata Motors	4,375	4,719	5,077	17	14	14	15	46	203	229	266	427	8
BPCL	4,355	4,253	4,395	-5	9	6	6	66	274	156	156	181	5
JSW Steel	1,778	1,963	2,103	9	17	20	20	44	105	158	178	111	5
Bharti Airtel	1,512	1,654	1,820	9	52	53	54	11	106	182	227	50	4
Apollo Hospitals	189	215	251	14	13	13	14	17	9	14	19	41	0
HDFC Life Insur.	640	762	903	16	6	6	6	10	16	24	30	34	0
Ultratech Cement	705	762	844	10	18	20	21	21	70	88	106	32	1
Maruti Suzuki	1,384	1,500	1,641	13	12	12	12	27	129	141	152	31	2
Tata Consumer	153	179	195	14	15	16	16	23	14	18	20	30	0
HDFC Bank	1,097	1,330	1,592	24	82	83	84	25	606	731	880	29	11
Hero MotoCorp	371	427	493	12	14	14	14	24	40	47	56	28	1
Bajaj Finance	297	385	488	29	81	80	80	28	145	187	237	28	3
Bajaj Finserv	363	458	564	28	71	66	62	22	82	103	115	27	1
Larsen & Toubro	2,190	2,534	2,887	18	11	11	12	18	129	166	206	26	2
Eicher Motors	163	184	210	14	27	26	26	19	40	46	53	25	1
Tata Steel	2,339	2,599	2,756	3	10	13	14	2	49	132	157	24	2
Cipla	257	279	306	11	25	25	25	17	43	47	52	24	1
State Bank	1,606	1,788	2,004	11	54	63	65	16	636	833	987	22	10
IndusInd Bank	206	244	287	18	77	77	77	14	90	109	132	21	1
ONGC	6,124	6,590	6,840	-2	17	17	17	14	504	568	624	21	7
Bajaj Auto	452	510	566	18	20	20	20	24	78	88	99	20	1
Nestle	243	214	238	13	24	25	25	18	39	35	39	20	0
Mahindra & Mahindra	977	1,073	1,179	12	13	13	13	16	107	112	123	20	1
ICICI Bank	744	846	986	17	78	78	80	16	407	461	538	20	5
Titan Company	513	588	681	20	11	12	12	19	37	47	57	20	1
Medium PAT Growth (0-20%)	**25,576**	**28,063**	**30,759**	**7**	**23**	**23**	**24**	**11**	**3,277**	**3,755**	**4,286**	**11**	**27**
Adani Enterprises	1,076	1,076	1,076	-11	11	11	11	16	38	38	38	18	0
Asian Paints	361	401	443	8	22	22	21	17	56	59	64	18	1
Adani Ports	269	311	354	22	60	59	61	20	91	104	127	17	1
Kotak Mahindra Bank	257	291	342	16	74	74	74	20	178	205	241	17	2
Sun Pharma	482	533	595	11	26	27	28	13	97	114	136	15	1
Dr Reddy’ s Labs	279	306	340	13	29	27	26	16	53	54	56	15	0
NTPC	1,817	1,948	2,088	5	29	30	30	10	193	222	240	15	2
Hindalco	2,145	2,304	2,421	2	11	11	11	8	101	129	134	13	1
TCS	2,417	2,684	2,998	9	27	28	29	11	461	538	622	13	4
Axis Bank	497	560	652	14	72	74	77	14	241	277	331	12	2
SBI Life Insurance	787	911	1,067	17	7	7	7	15	18	22	25	12	0
Britannia	168	182	200	6	19	19	19	11	21	24	27	12	0
HCL Technologies	1,102	1,220	1,382	10	22	23	23	11	160	183	213	11	1
Reliance Inds.	9,236	10,288	11,245	8	17	18	18	13	682	817	939	11	6
Divis Labs	76	88	101	6	27	31	32	7	15	21	25	9	0
LTIMindtree	358	393	449	9	18	19	20	9	47	53	65	9	0
Infosys	1,546	1,673	1,865	7	24	25	26	7	246	281	329	8	2
ITC	716	778	845	5	36	36	36	5	204	214	230	7	1
Hind. Unilever	625	673	728	5	24	24	24	7	105	115	126	6	0
Power Grid Corp.	466	490	510	4	89	87	86	4	159	166	175	4	0
Wipro	896	951	1,056	2	19	19	20	3	111	121	143	3	0
PAT de-growth (<0%)	**2,673**	**2,900**	**3,215**	**3**	**20**	**19**	**21**	**-3**	**408**	**408**	**486**	**-4**	**-1**
Coal India	1,458	1,552	1,739	6	27	24	25	1	310	280	315	0	0
Grasim Industries	253	291	312	4	9	9	11	-7	62	63	69	-1	0
Tech Mahindra	524	560	623	3	11	13	15	-4	36	45	60	-6	0
UPL	439	497	541	-4	12	16	18	-16	0	20	41	-33	-1
Nifty (PAT free float)	**61,282**	**67,018**	**73,281**	**7**	**23**	**23**	**24**	**15**	**4,292**	**5,025**	**5,849**	**20**	**100**

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

- The MOFSL Universe is likely to deliver sales/EBITDA/ PAT growth of 11%/12%/16% YoY in FY25E. The Banks, Metals, and Technology sectors are projected to be the key growth drivers, with 21%, 26% and 15% YoY earnings growth, respectively. They are likely to contribute 61% to the earnings growth in FY25E.

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

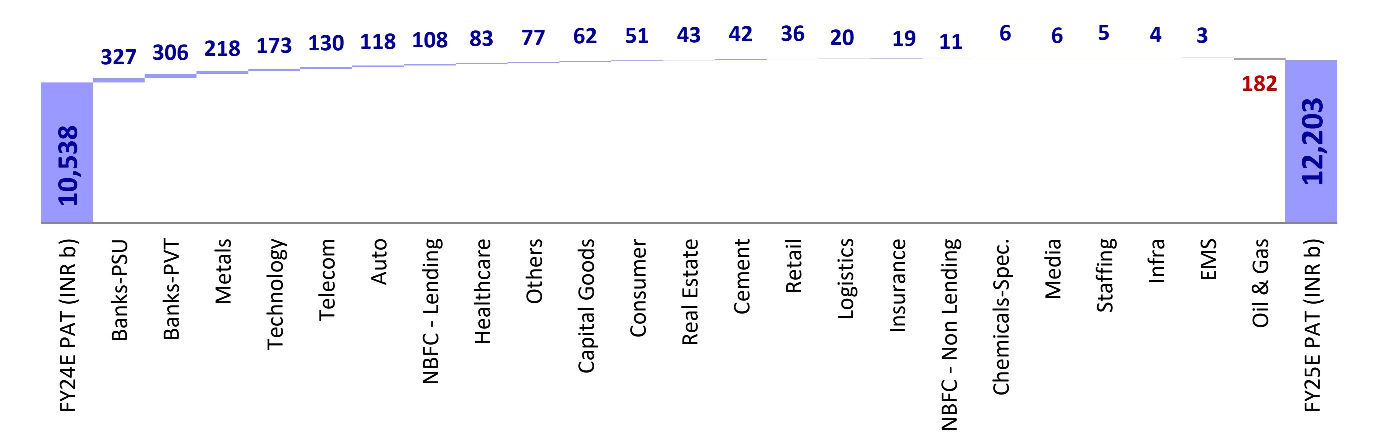
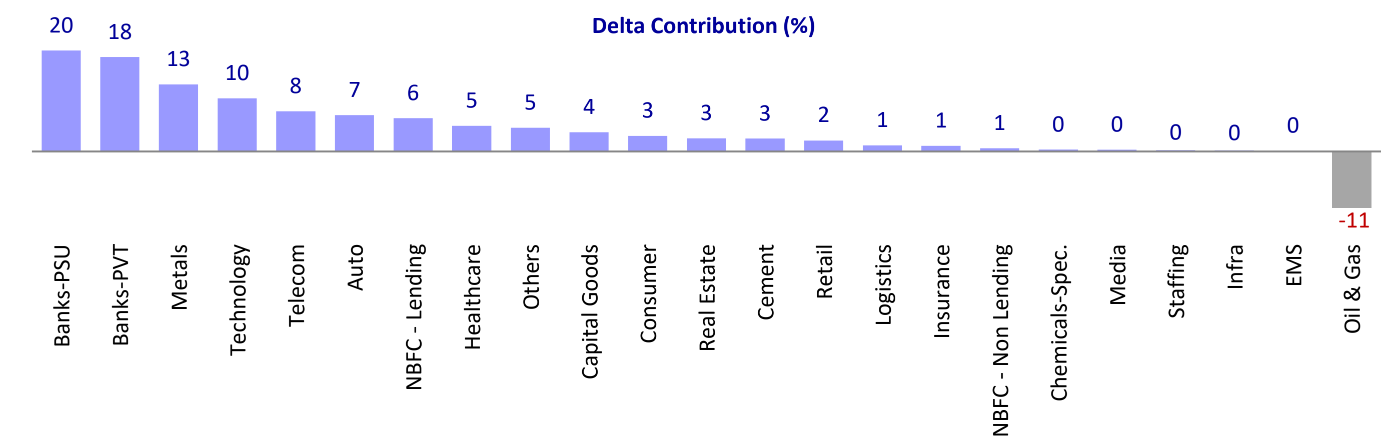


Exhibit 39: Delta contribution to FY25E profit for the MOFSL Universe (%)

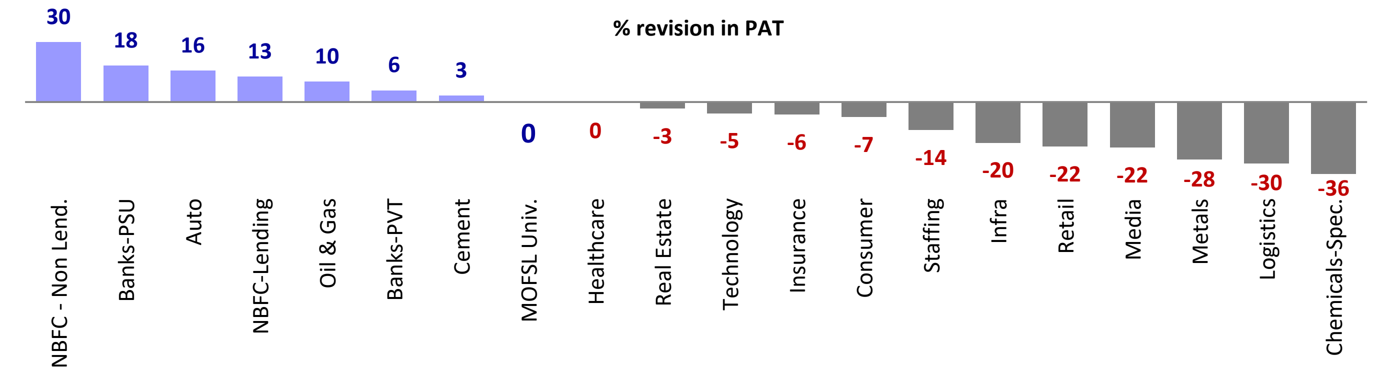


The 12M earnings revision stable for MOFSL Universe in FY25E

BFSI, Autos, and O&G witness upgrades

- Over the last one year, earnings revisions for the MOFSL Universe remained stable.
- NBFC Non-lending, PSBs, Autos, NBFC Lending, and O&G saw major upgrades of 30%, 18%, 16%, 13%, and 10%, while Spec Chem, Logistics, and Metals witnessed significant earnings downgrades of 36%, 30%, and 28%, respectively.

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



Note: Comparable MOFSL Universe of 217 companies

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

	Sales (INRb)			Gr. YoY (%)			EBIDTA (INRb)			Gr. YoY (%)			PAT (INRb)			Gr. YoY (%)		
Sector	**FY24E**	**FY25E**	**FY26E**	**FY24E**	**FY25E**	**FY26E**	**FY24E**	**FY25E**	**FY26E**	**FY24E**	**FY25E**	**FY26E**	**FY24E**	**FY25E**	**FY26E**	**FY24E**	**FY25E**	**FY26E**
Automobiles	11,224	12,272	13,403	19	9	9	1,517	1,727	1,929	52	14	12	819	938	1,069	91	14	14
Capital Goods	3,259	3,800	4,352	19	17	15	369	455	539	18	23	18	221	284	346	26	28	22
Cement	2,103	2,301	2,517	5	9	9	354	431	499	26	22	16	225	267	314	28	19	17
Chemicals-Spec	253	296	338	-13	17	14	45	55	66	-19	22	20	29	36	44	-23	22	22
Consumer	3,319	3,614	3,976	7	9	10	815	898	993	13	10	11	589	640	707	16	9	11
EMS	74	103	138	37	39	34	9	13	19	21	49	43	6	9	13	34	55	49
Financials	10,491	12,099	14,072	17	15	16	5,699	6,808	8,068	16	19	19	3,548	4,319	5,177	28	22	20
Banks-Private	3,368	3,962	4,693	21	18	18	2,512	2,998	3,611	20	19	20	1,687	1,993	2,388	26	18	20
Banks-PSU	3,417	3,766	4,217	12	10	12	2,187	2,581	2,952	9	18	14	1,262	1,589	1,889	31	26	19
Insurance	2,509	2,921	3,410	14	16	17	123	155	189	-4	26	22	75	94	113	12	25	21
NBFC - Lending	1,067	1,294	1,571	24	21	21	812	989	1,213	26	22	23	477	585	717	32	23	23
NBFC - Non Lend	130	156	181	35	20	16	66	86	102	34	30	18	47	58	69	43	23	19
Healthcare	3,044	3,391	3,807	14	11	12	683	787	899	23	15	14	414	497	582	26	20	17
Infrastructure	191	204	236	4	7	16	51	57	67	-3	11	18	18	22	28	-11	22	30
Logistics	546	632	735	16	16	16	198	230	271	19	16	18	112	132	162	15	18	23
Media	190	213	238	23	12	12	43	53	63	15	22	19	26	31	38	23	22	21
Metals	11,303	12,306	13,299	-1	9	8	1,797	2,119	2,361	-1	18	11	831	1,048	1,208	0	26	15
Oil & Gas	35,939	39,761	42,249	-3	11	6	4,485	4,318	4,679	50	-4	8	2,356	2,174	2,383	73	-8	10
Excl. OMCs	18,810	20,628	22,029	-4	10	7	3,061	3,376	3,721	15	10	10	1,474	1,674	1,890	14	14	13
Real Estate	431	550	648	7	28	18	124	174	219	13	41	26	86	129	163	9	50	26
Retail	1,731	2,057	2,468	19	19	20	208	264	325	10	27	23	88	124	161	1	40	30
Staffing	411	476	560	13	16	18	14	19	24	19	34	26	7	12	16	18	61	35
Technology	7,383	8,092	9,075	6	10	12	1,661	1,875	2,195	5	13	17	1,123	1,295	1,522	4	15	18
Telecom	2,438	2,659	2,926	7	9	10	1,150	1,281	1,440	13	11	12	-151	-20	72	Loss	Loss	LP
Others	2,722	3,098	3,503	4	14	13	413	511	614	17	24	20	190	266	345	33	41	29
MOFSL Universe	**97,051**	**1,07,923**	**118,540**	**5**	**11**	**10**	**19,635**	**22,075**	**25,269**	**21**	**12**	**14**	**10,538**	**12,203**	**14,349**	**32**	**16**	**18**

Source: MOFSL

SECTOR-WISE: Highlights / Surprise / Guidance

AUTOS: Focus towards profitable growth clearly visible across segments

- **Growth decelerating over high base in all segments, except 2Ws:** Auto volumes (ex-tractors) in 3QFY24 grew 16% YoY (flat QoQ) led by a healthy recovery in 2Ws, stable growth across other segments, and a lower base due to the festive mismatch. 2Ws witnessed the sharpest growth of ~19% YoY during the quarter, led by the sustenance of recovery post-festive season and low base, while 3Ws grew ~14% YoY. The PV volumes rose ~7% YoY largely driven by ~27% YoY SUV growth partially offset by 14% YoY decline in Passenger Car volumes. CV volumes increased 3% YoY led by 6%/2% YoY growth for MHCV/LCV. Conversely, Tractor volumes declined 6% YoY due to subdued agricultural activities and the effect of erratic monsoon.
- **FY25 volume growth to moderate in most of the segments:** Total revenue for our Auto OEM Universe (ex-JLR) grew 17% YoY largely driven by volume growth and price hikes, while EBITDA jumped 31% YoY primarily due to moderating commodity inflation, operating leverage, and Fx benefits. Adj. PAT for the quarter grew 34% YoY. With near-term challenges persisting in 4QFY24, we expect FY25 volume growth to be in the range of 4-6% YoY for most of the segments, due to the high base and moderation in demand. However, we believe 2Ws and SUVs should outperform the auto pack with 8-10% YoY growth in FY25.
- **Input costs likely to remain stable QoQ:** Gross margin improved ~240bp YoY/(-30bp QoQ) to 28.4% for Auto OEMs (ex- TTMT). Most of the managements indicated that commodity prices would remain stable. Better gross margin was further supported by improving efficiencies, operating leverage, and Fx benefits resulting in an EBITDA margin expansion of 130bp YoY/+20bp QoQ to 12.5%. However, due to lower volumes, we expect the EBITDA margin to contract slightly by 20bp sequentially in 4QFY24. For companies with global operations (especially in the EU), the inflationary pressure continues to ease because of lower energy costs, while benefits due to recovery in volumes would be seen in the coming quarters.
- **Exports – Sequentially better but not yet out of the woods:** The macro environment remains uncertain due to geopolitical tensions. However, the continuing devaluation of emerging market currencies has eased now. OEMs that have exposure outside India such as BJAUT, TVSL, EIM, and TTMT are likely to see weak demand in major regions in the near term. Even for ancillary companies with export focus such as MOTHERSO, ENDU, APTY, and BIL, the demand situation in the European markets continues to remain uncertain. While the Rea Sea crisis hasn't had any material impact on any of the coverage companies so far, we expect logistics costs to rise in 4Q and shipping times to increase by about 3-4 weeks.
- **The quarter witnessed more downgrades than upgrades:** The quarter saw downgrades for FY24E largely to factor in volume growth moderation in the coming quarters. There were upgrades in FY24E EPS for TTMT (+23%), ARENM (+7%), and BOS (+8%). The notable downgrades for the quarter included AL (-6%), ESCORTS (-5%), BHFC (-7%), MOTHERSO (-17%), BIL (-5%) and CRAFTSMA (-11%).
- **Valuation and view**: We are positive on the outlook for the PV segment, which is expected to see steady volume growth led by strong growth in UVs, thereby driving margin expansion for incumbents. While volume growth for the 2W sector is likely to be the best, most of it seems already priced in the recent run-up of stocks. As highlighted, we expect CV growth to moderate to low single digits for FY25 and hence, we are not positive on the sector at the moment. MM and MSIL are our top OEM picks. Among auto component stocks, we prefer ENDU and CRAFTSMA.
- **Surprises:** SONACOMS, TVSL, ARENM, TTMT, AL, APTY, BOS, and MM
- **Misses:** EXID, BIL, CAFTSMA, TIINDIA, ENDU, ESCORTS, MRF, and MOTHERSO

Guidance highlights:

- **MSIL:** Preliminary estimates by SIAM indicate that PV volumes in FY25 should be ~4.3m units (vs. 4.18-4.20m in FY24E). The small car segment is shrinking both in absolute and percentage terms. The first-time buyer mix is ~41% now vs. a low of 38% in the last quarter. MSIL will start the production of BEV in 2024. The mid-SUV model will be sold in the domestic market, along with the export market, such as Japan and Europe.

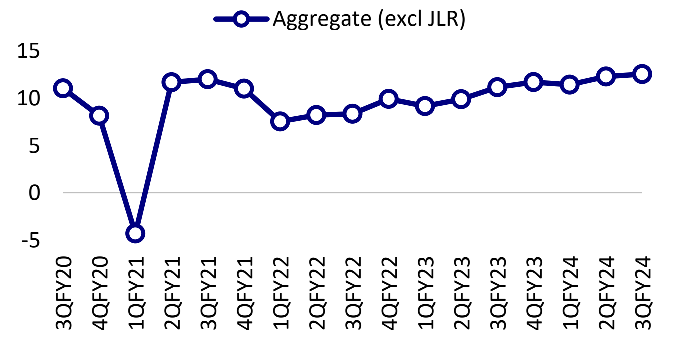
- **MM: Automotive –** MM expects the SUV portfolio to grow by mid-to-high teens in FY25 vs. SIAM's industry projection of 3-4% for overall PVs and 10-12% for UVs. Expects 4Q run rate to be flat due to XUV300 ramp-down for mid-cycle enhancement. **Tractors –** Management expects tractor volumes to decline 10% YoY in 4QFY24 and 5% YoY in FY24. Guidance for FY25 tractor demand is directionally positive. Retail demand is currently weak.
- **TTMT: JLR-** Not seeing any demand issues in the US while Europe is relatively stable. Management is not seeing any change in the pace of EV penetration. It continues to expect operating cash flow to support net debt of <GBP1b by the end of FY24, and anticipates net cash in FY25. **CV –** Management is witnessing a drop in government spending due to the election, and a pause in growth in 4QFY24. It expects 4Q volume to decline by a single digit, followed by a soft 1QFY25. Subsequently, other macro indicators would remain positive. **PV-** FY25 industry growth will be challenging, and the industry is likely to grow by <5% YoY.
- **AL:** FY24 MHCV volumes are estimated to be below its FY18 peak, as 4QFY24 is likely to see some moderation in growth due to the high base of last year. The management expects volumes to see moderation until elections (1QFY25) as the tendering process across underlying industries slow down. However, macro indicators such as GDP growth, government focus on infrastructure, etc., are intact for the underlying CV industry growth.
- **BJAUT: Domestic –** The management expects industry volumes to grow by 8-10% YoY in the coming months. **Exports-** The macro environment is uncertain due to geopolitical issues. However, the continuing devaluation of emerging market currencies has eased now. Exports currently stand at 70% of peak FY22 volumes. Africa and South Asia are dragging down the recovery.
- **HMCL**: Overall 2W industry revenue should grow in double digits in FY25 and HMCL expects to outperform the industry with its new launches, thereby implying market share gains. Industry growth is likely to be driven by the 125cc+ segment in FY25 as well. While input costs would remain stable, management expects margins to be on a gradual uptrend with an improved mix.
- **TVSL**: **Domestic –** The management expects positive demand momentum to continue in 4Q, driven by healthy growth in rural areas despite some challenges in sowing. **Exports**: - A recovery in international markets should continue as inflation is settling down; however, currency availability is still an issue in African markets.
- **EIM**: RE launched two new models, Himalayan 450 and ShotGun650 in 3QFY24; but the management refrained from giving any guidance on bookings. The overall order book is healthy at 3-4 weeks, depending on models and variants. **RE exports:** The management expects demand to recover from key export markets after 2-3 quarters.
- **ENDU**: **Domestic**- While 1H was weak, demand momentum picked up in 3Q, and 4Q is also looking encouraging. **Europe-** Out of EUR113m of cumulative orders won in the last 21 months; EUR60m (36%) from BEVs, for which penetration in Europe has increased to 15% now. **Order wins:** In 9MFY24, it won new business worth INR9.4b from OEMs other than BJAUT (~60% new business and the rest was replacement), to peak in FY26.
- **BHFC:** As per the management, the near-term outlook is mixed. While demand for PV exports, Industrial, and defense is healthy, CV demand in Europe is moderating. Further, oil & gas demand is weak. While domestic CV demand remains weak, the management is confident of a revival in the medium to long term. Overseas subsidiaries are likely to post mid-to-high single-digit EBITDA margin in FY25E.
- **APTY**: **Demand-** While demand momentum in domestic business is likely to remain muted in the near term, APTY expects exports to pick-up in the coming quarters. In Europe, management expects marginal growth in PCR in the near term and anticipates the segment to post much better 2HCY24 performance. **Margins outlook:** Both in India and Europe, management will continue to focus on reporting healthy performance on the back of improved mix and weak input costs.
- **BIL**: With the demand slowly picking up, the company did not undertake any price hikes. Both India and the EU markets remained stable. While the Indian market continues to grow, the company does not expect the business share from India to surpass the current levels of 30%. This expectation is rooted in the belief that as the overall market picks up, economies across the board will perform well, thereby maintaining a similar contribution from various regions.

Exhibit 42: Key operating indicators

	Volumes ('000 units)					EBITDA margins (%)					Adj PAT (INR M)				
	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	3QFY24	3QFY23	YoY (bp)	2QFY24	QoQ (bp)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)
BJAUT	1,201	983	22	1,054	14.0	20.1	19.1	100	19.8	30	20,419	14,914	37	18,361	11
HMCL	1,460	1240	18	1,417	3.1	14.0	11.5	250	14.1	-10	10,734	7,111	51	10,538	2
TVS Motor	1,101	879	25	1,074	2.5	11.2	10.1	110	11.0	20	5,934	3,527	68	5,366	11
MSIL	501	466	8	552	-9.2	11.7	9.8	200	12.9	-120	31,300	23,513	33	37,165	-16
MM	313	282	11	302	3.6	12.8	13.0	-20	12.6	20	24,540	22,160	11	34,519	-29
TTMT India CV**	99	95	4	107	-7.5	11.1	8.5	260	10.4	70	16,560	9,380	77	15,270	8
TTMT India PV**	139	132	5	139	-0.3	6.5	7.0	-50	6.4	10	4,060	3,210	26	2,980	36
TTMT (JLR) *	114	92	23	109	4.4	16.2	12.1	400	14.9	130	592	261	127	272	118
TTMT (Cons)						13.9	10.9	300	13.1	80	70,913	29,581	140	38,567	84
Ashok Leyland	47	48	-1	50	-5.2	12.0	8.8	320	11.2	80	5,804	3,568	63	5,769	1
Eicher (RE)	228	221	3	229	-0.5	27.5	23.9	360	27.9	-40	9,137	6,807	34	9,385	-3
Eicher (VECV)	21	18	14	20	5.9	8.0	6.6	130	7.9	10	2,104	1,160	81	1,850	14
Eicher (Consol)						27.5	23.9	360	27.9	-40	9,960	7,408	34	10,163	-2
Agg. (ex JLR)	**5,167**	**4366**	**18.4**	**5,042**	**2.5**	**12.5**	**11.2**	**140**	**12.3**	**30**	**1,26,940**	**94,792**	**34**	**1,33,100**	**-5**

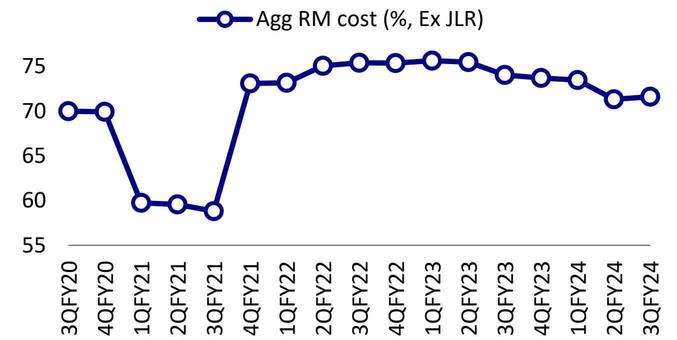
** PBT instead of PAT; JLR in GBP m; Source: MOFSL, Company

Exhibit 43: Aggregate EBITDA margin improved 20bp QoQ to 12.5% led by price hikes, favorable Fx, and mix



Source: MOFSL, Company

Exhibit 44: RM cost increased sequentially



Source: MOFSL, Company

Exhibit 45: Our revised EPS estimates (INR)

	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
BJAUT	277.3	282.6	-1.8	310.9	315.2	-1.4
HMCL	199.5	199.7	-0.1	236.9	215.7	9.8
TVSL	44.7	44.2	1.0	53.8	54.7	-1.6
EIM *	147.5	147.5	0.0	167.2	167.2	0.0
MSIL *	428.0	443.3	-3.4	447.4	460.9	-2.9
MM	89.0	89.4	-0.5	93.8	94.4	-0.6
TTMT *	52.9	43.2	22.6	62.3	49.5	25.8
AL	8.3	8.8	-5.5	10.3	10.9	-6.1
ESCORTS	85.6	90.3	-5.2	97.1	104.4	-7.0
AMRJ	51.0	47.8	6.9	55.9	53.7	4.0
EXID	12.5	12.9	-3.5	15.9	15.8	0.6
BOSCH	602	558	8.0	740	714.9	3.6
ENDU*	47.0	48.5	-3.0	60.5	61.9	-2.2
MACA	26.5	27.1	-2.0	30.7	31.5	-2.6
BHFC*	25.8	27.7	-6.9	37.9	40.2	-5.7
MOTHERSO *	3.5	4.3	-17.3	5.0	5.1	-3.6
SONACOMS*	9.0	8.9	0.5	11.8	11.6	2.4
CEAT*	174.6	173.9	0.4	189.5	181.9	4.2
APTY *	28.3	27.9	1.4	33.2	33.0	0.7
BIL	67.9	71.7	-5.3	91.9	94.9	-3.2
MRF	5,183.3	5,385.8	-3.8	5,360.8	5,360.8	0.0
MSUMI	1.4	1.4	3.0	1.9	1.8	4.3
TIINDIA*	56.6	59.2	-4.4	70.5	73.2	-3.8
CRAFTSMA*	165.7	186.8	-11.3	198.2	232.4	-14.7

* Consolidated

Capital Goods: Robust ordering momentum; execution remains healthy

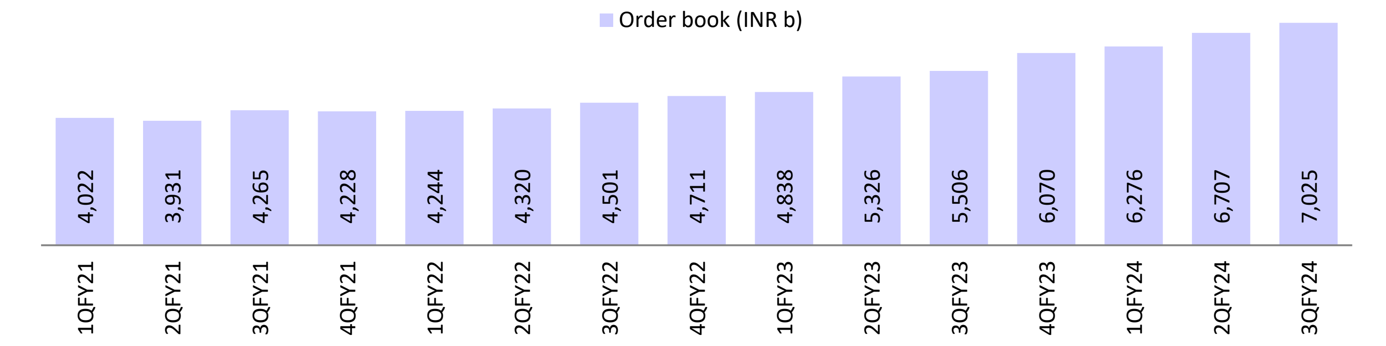
- **Ordering activity continues to be buoyant:** Order inflows continued to improve for our coverage universe (ABB is yet to report results), largely due to up-fronting before the election schedule kicks in. Key sectors where strong traction is being witnessed include power T&D, renewable energy, data centers, real estate, defense, etc. Private investments have been selective, with sectors such as data centers, metals, real estate, automotive, et al. driving growth. While the structural levers remain intact, there might be a transient slowdown in the coming 1-2 quarters in government ordering owing to the upcoming general elections. However, things are likely to normalize by 2QFY25, as the private sector and international ordering are largely insulated from the election cycle.
- **Execution growth in line:** Overall execution of our coverage universe grew 18% YoY aided by healthy opening order books, with EPC companies posting 18% growth and product companies reporting 15% growth. KKC and TRIV saw robust revenue growth, while BHE and POWERIND's revenues were noticeably weaker.
- **Margin trajectory continues to be a mixed bag:** Though RM inflation has eased significantly in recent quarters, margin improvement for EPC players will take place gradually with the completion of legacy projects. For product companies, the margin situation was more or less stable, with the exception of KKC that saw a stellar performance on the back of a higher share of distribution and HHP in the revenue mix.
- **Barring a few geographies, exports continue to disappoint:** While companies such as LT, KPIL, and TRIV reported robust growth in international ordering, especially in the MENA region, KKC saw a sharp 40% decline in export revenue owing to the continued weakness in key markets led by high inflation, geopolitical tensions, etc. However, exports appear to have bottomed out, and the coming quarters are expected to see a gradual improvement.
- **Top picks:** While LT and ABB are our top picks in the large-cap space, KOEL is our preferred pick in the mid-cap space.
- **Surprises:** KKC, SIEM, KPIL, and BHE
- **Misses:** POWERIND, L&T, and KECI

Guidance highlights:

Most of the managements remained positive on a robust order pipeline given the government's emphasis on capex-led growth. However, there might be some slowdown (albeit transient) owing to the elections. EPC companies exuded confidence on their international prospects, primarily in the MENA countries.

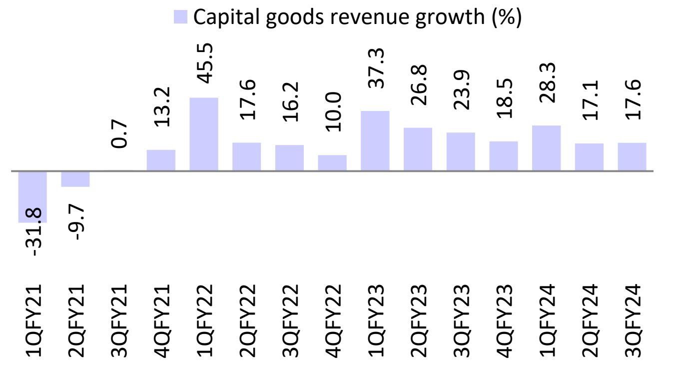
- **LT:** FY24 revenue and order inflow guidance has been revised upwards given the strong momentum in 9MFY24. However, margin guidance has been cut slightly due to the job mix and completion stage. MENA has a robust pipeline of hydrocarbons and renewable energy.
- **SIEM**: Government capex continues to be strong, while the private sector is also beginning to pick up. Order inflow growth came largely from the Energy segment.
- **BHE:** Maintained its FY24 revenue growth guidance of 15% despite a muted show in 9MFY24. Order inflow guidance stands at INR250b for FY25 and FY26 each.
- **KKC**: Maintained double-digit revenue growth guidance for FY24 with ~100bp margin expansion. Exports appear to have bottomed out, and the coming quarters are expected to see a gradual recovery.
- **KOEL**: Expects some amount of CPCB II pre-buying in 4QFY24. Despite the CPCB IV+ implementation being delayed by a year, management reiterated its 2X3Y strategy by FY25.
- **KECI:** Given the dismal margin performance in 9MFY24, FY24 guidance has been cut, and the double-digit margin guidance has been deferred to 2HFY25. The civil segment revenue growth guidance was maintained at 30% for FY25.
- **KPIL:** 4QFY24 will see a 25% revenue growth, leading to an overall FY24 growth of 20-21%. The order book is expected to touch ~INR520b-530b by FY24-end. The tentative FY25 capex guidance stood at ~INR4-5b.
- **TMX:** Large orders from steel, thermal power, etc. are expected to flow in from FY25 onwards, while the base order momentum is stable.
- **TRIV:** Confident of sustaining the growth momentum witnessed in the past two years. Private capex is showing encouraging signs; however, there isn't a sudden spurt in activity.
- **POWERIND:** Reiterated its double-digit margin guidance by FY25.

Exhibit 46: Aggregate order book seeing a steady build-up (INR b)



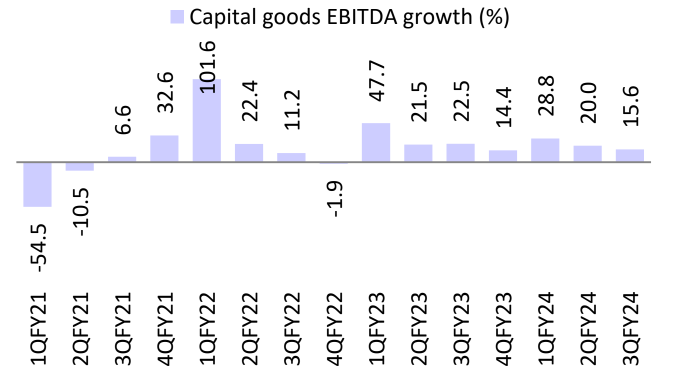
Source: Company, MOFSL

Exhibit 47: Aggregate revenue growth (%)



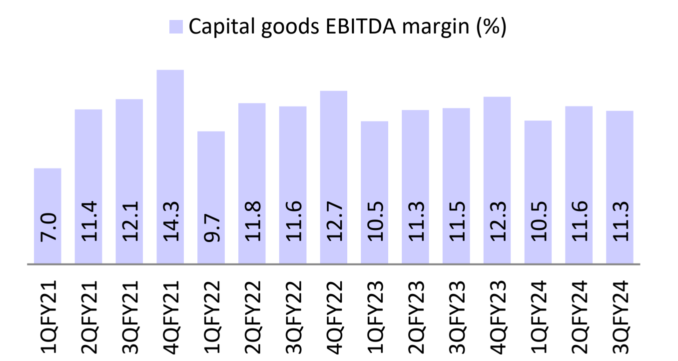
Source: Company, MOFSL

Exhibit 48: Aggregate EBITDA growth (%)



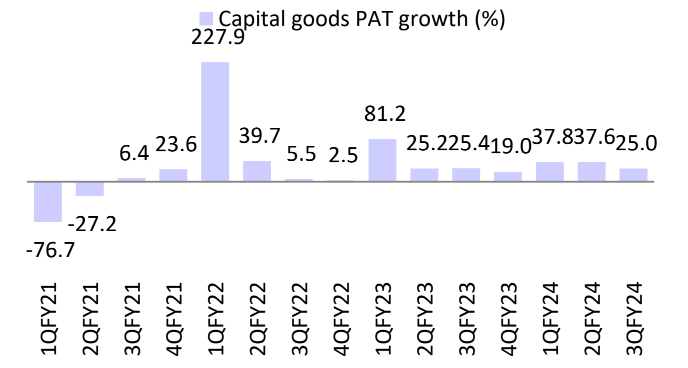
Source: Company, MOFSL

Exhibit 49: Aggregate EBITDA margin (%)



Source: Company, MOFSL

Exhibit 50: Aggregate PAT growth (%)



Source: Company, MOFSL

CEMENT: Volume growth marginally better; EBITDA/t at INR1,125 (est. INR1,119)

- **Sales volume up 8% YoY; realization up 1%:** Sales volume for our coverage universe grew 8% YoY (1% above our estimate), backed by strong demand from the government-led infrastructure projects and the housing segment. ACC and JKCE reported the highest volume growth of 15%/14% YoY, followed by 13% by BCORP and 11%/10% by SRCM/TRCL. ACEM, DALBHARA, JKLC, and UTCEM volume grew 6-8% YoY while ICEM volume declined 9% YoY. Blended realization for our coverage universe was up 1% YoY (2% QoQ; 1% below our estimates). Consequently, revenue grew (excl. GRASIM) ~10% YoY. GRASIM standalone revenue grew 3% YoY in 3QFY24. GRASIM's VSF segment revenue was up 17% YoY, led by 32% volume growth and 11% decline in realization. However, Chemical segment revenue declined 23% YoY, led by 5% volume growth and 27% decline in realization.

- **Gross margin for our coverage universe improved 5pp YoY,** supported by reduced input material cost (average variable cost/t declined 10% YoY, in line with our estimates). Freight cost cost per ton declined 4%YoY, while other expenses/t increased 7% YoY. **Aggregate EBITDA for cement companies increased 60% YoY (up 56%, including GRASIM, which registered an EBITDA increase of 10% YoY) and OPM surged 6.1pp YoY to 19.5% (est. 19.2%)**. EBITDA of ACC/BCORP/JKCE grew 2.4x/2.6x/2.5x YoY on a low base; while SRCM and JKLC's EBITDA grew 74%/63% YoY. ACEM/TRCL/UTCEM reported EBITDA growth of 36%-39% YoY and DALBHARA's EBITDA grew 20% YoY. ICEM reported EBITDA of INR490m vs. operating loss of INR696m in 3QFY23. **Average EBITDA/t stood at INR1,125 vs. INR761/INR891 in 3QFY23/2QFY24**.
- **Profit more than doubled YoY:** Aggregate interest/depreciation expenses for our coverage universe grew 26% /10% YoY and other income increased 22% YoY. **Aggregate profit more than doubled YoY to INR44b for cement companies (profit up 109% YoY to INR46.5b, including GRASIM)**. BCORP reported a net profit of INR1.1b vs. a net loss of INR500m in 3QFY23. Profit grew 7.3x for JKCE and 3.1x/2.7x for ACC/SRCM. Profits grew 86%/68% YoY for JKLC/UTCEM, 47% for GRASIM, and 34-39% for ACEM/TRCL/DALBHARA. ICEM reported a net loss for the eighth consecutive quarter, amounting to INR345m.
- **Changes in our earnings estimates:** We have raised our FY25/FY26 PAT estimates for ACC by 9%/12% and JKCE by 12%/8%. We broadly maintained our earnings estimates for other coverage companies.
- **Top picks:** While UTCEM is our top pick in the large-cap space, DALBHARA and JKCE are our preferred picks in the mid-cap space.
- **Surprises:** ACC, SRCM, JKCE, and JKLC
- **Misses:** ACEM, TRCL, and ICEM

Guidance highlights:

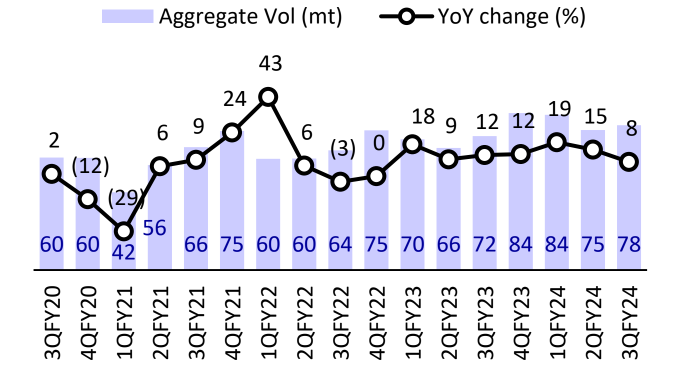
Cement demand was subdued in 3Q due to multiple reasons (festive season, labor unavailability, excessive rains, flood and state elections in a few regions, fiscal challenges, etc.). However, demand has improved in Jan'24, supported by government-led infrastructure projects and pick-up in housing demand. Most managements have guided for industry volume growth of ~8-9% YoY in FY25. Cement prices have corrected in Dec'23 across regions and this weakness persisted in Jan-Feb'24. Fuel consumption costs for cement players declined 5-15% QoQ (except for ACC and ACEM which reported 1-2% QoQ increase) to INR1.50-INR2.05/Kcal in 3QFY24. Companies expected fuel cost to either remain flat or decline 4-5% in 4Q.

- **UTCEM:** Capacity utilization should improve to ~80-85% in 4Q (vs. 77% in 3Q). Cement prices improved in 3QFY24; however, due to a demand slowdown, prices corrected in Dec'23. Prices should improve when demand rebounds. The cost has been falling and the avg. fuel cost should further drop by 7-8% over the next six months. Capex is pegged at INR90b for FY24/FY25 each, given the accelerated expansion plans.
- **ACEM**: Consolidated volume grew 3% YoY in 3QFY24. ACEM's ~12% of clinker capacities (at standalone) were under maintenance, leading to higher costs. The Kiln shutdown had a INR150-200/t impact on EBITDA. After the acquisition of ACC and ACEM, the company has realized cost savings of INR 400/t and expects the additional cost savings of INR300/t in the next two years. The Group cement capacity has increased to 77.4mtpa and another ~32mtpa expansion is underway at various stages. These expansions will help it reach 110mtpa capacity by FY27.
- **SRCM:** Volume growth is estimated at ~11% in FY24 (vs. 13% YoY in 9MFY24). It is targeting 13% volume growth in FY25. It has revamped its brand strategy and launched 'Bangur' as the master brand for all product categories across markets. Grinding capacity is expected to increase to 56mtpa/62mtpa/75mtpa by Mar'24/Mar'25/Mar'27 from 53mtpa currently. Cumulative capex is pegged at INR125b for the next three years.
- **DALBHARA**: Despite demand softness in the east markets, the company's volume grew, indicating market share gain. Cement prices declined by 3QFY24'end and Dec'23-exit price was similar to Sep'23-exit prices. Fuel costs declined ~5% QoQ and it expects further reduction of ~3% QoQ in 4Q. Capex in FY24E will be INR30b (INR21b in 9MFY24). Additional, cash outflow for JPA cement asset acquisition is likely to be INR33b in FY24E.
- **JKCE:** Volume should grow by ~4% YoY in 4QFY24 (volume growth at 16% for FY24E). Cement demand is expected to grow between 7% and 9% in the medium term. Fuel cost stood at INR1.8/kcal vs. INR1.9/kcal in

2QFY24. Further, cost savings of INR30-40/t are expected in 4QFY24. It announced capacity expansion of 6mtpa spread across the Central and East (Bihar) regions, which are likely to be commissioned by FY26.

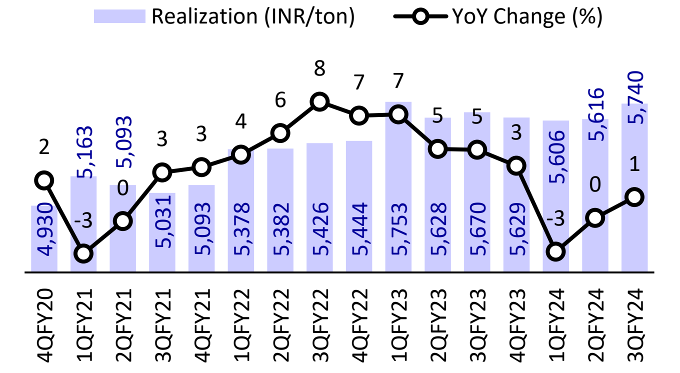
- **JKLC**: Cement volume growth (consolidated) should be at ~10% YoY in FY24 (vs. earlier estimated ~12-15%). Eastern region continues to see higher growth, while demand is weak in the North. Cement prices were soft in both Jan-Feb’24. Avg. fuel cost should decline to INR1.70/Kcal in 4Q v/s INR1.75/Kcal in 3QFY24. It announced the next phase of expansion in the East (including north-east) and aims to reach 30mtpa capacity by FY30.
- **TRCL:** Guided sales volume of 5mt in 4QFY24 (up 7% YoY) and ~19-20mt in FY25 (up 10-11% YoY). It announced a brownfield expansion of 3.15mt clinker/1.5mtpa cement capacity at a capex of INR12.5b. Net debt should peak out at INR50b and future expansion will predominantly be funded through internal accruals. Fuel consumption cost stood at INR1.64/kcal and this is estimated to be at similar levels in 4QFY24.
- **BCORP:** The company has ramped up its operations at the Mukutban unit, and surpassed 0.20mt of dispatches (~61% capacity utilization) in Jan’24. It marginally cut its volume growth guidance to ~13% from ~15% in FY24. It maintained its EBITDA/t guidance at INR850 in FY24. State incentives for the Mukutban plant are likely to accrue in 4QFY24, and these incentives will boost profitability.

Exhibit 51: Sales volume grew 8% YoY in 3QFY24



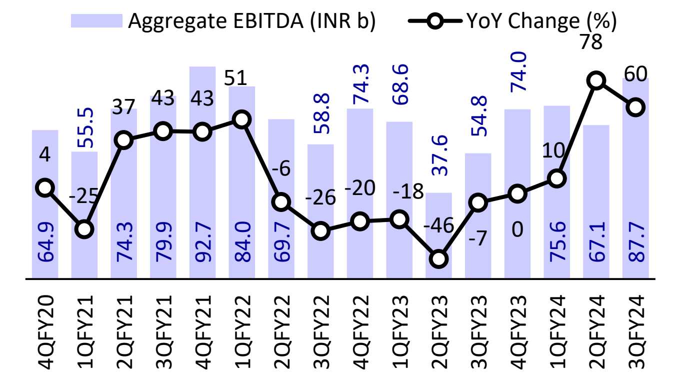
Source: Company, MOFSL

Exhibit 52: Blended realization was up 1% YoY



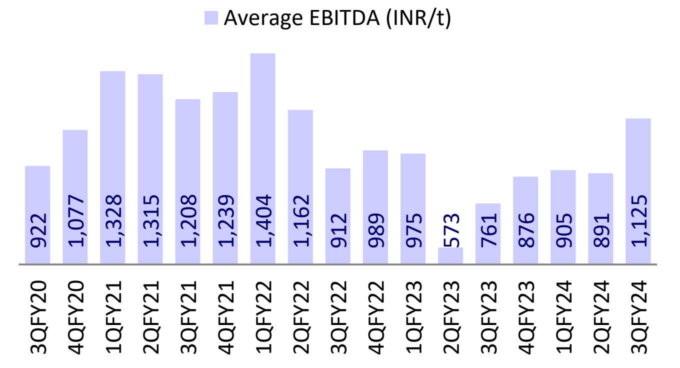
Source: Company, MOFSL

Exhibit 53: EBITDA grew 60% YoY in 3QFY24



Source: Company, MOFSL

Exhibit 54: Average EBITDA/t was up 48% YoY in 3QFY24



Source: Company, MOFSL

CHEMICALS – SPECIALTY: Mixed bag of results; demand remains a concern for most

- **Overall performance:** Revenue was in line with our estimates (NFIL and NOCIL missed our estimates, while DN and VO beat our estimates). EBITDA was in line with our estimates too (AACL, ATLP and VO beat our estimate). PAT was below our expectation (AACL, ATLP and VO beat our estimates)
- **Long-term guidance intact despite medium-term headwinds:** De-stocking may be nearing completion for some of the companies, while commentary on demand recovery on a sustained basis is not encouraging for most of the companies in our coverage universe. Capacity additions have also been delayed due to aforementioned reasons; however, they have not been completely called off. Hence, we expect the full benefit of the aggressive capex cycle to be delayed by around one year and accrue from FY26. While valuation multiples have corrected in recent times, they still remain elevated and raise concerns over the perpetual growth rates of these companies.
- Aggregate gross margin for our coverage universe decreased 50bp YoY in 3QFY24 (vs. expansion of 160bp YoY in 2QFY24). While AACL (down 130bp), DN (down 110bp), NFIL (down 240bp), and VO (down 280bp) witnessed a contraction in gross margin YoY, the same increased for FINEORG (up 660bp YoY). Aggregate EBITDA margin dipped 220bp YoY. CLEAN, FINEORG, NFIL, and VO reported the highest decline in EBITDAM YoY, down 110bp-12.5pp.
- **Ratings and earnings revisions:** The quarter witnessed earnings downgrades in AACL, GALSURF, NFIL, NOCIL, and VO, with no significant upgrades in earnings. The downgrades largely stem from underperformance in 3Q and 9M for most of the companies, with managements maintaining a cautious stance for the near to medium term.
- **Top picks: VO-** Veeral Organics Pvt. Ltd. (a wholly owned subsidiary of VO) is set to commence production of MEHQ, Guaiacol, Anisole, 4-MAP, and Iso Amylene. This should propel VO into the next leg of its growth story. Barring the short-term pain in terms of destocking, we continue to believe that VO will do well in the long run. **GALSURF-** The continued focus on R&D (with an annual expenditure of INR400-500m) and increased wallet share from its existing customers should drive volume growth. Margin is also expected to expand gradually. We estimate a volume CAGR of 9% over FY23-26.
- **Surprises:** AACL, ATLP, VO
- **Misses:** DN, GALSURF, NFIL, NOCIL

Guidance highlights:

- **CLEAN:** Commercial production from CFCL is expected to commence in 4QFY24 and the company expects HALS utilization to reach 80% in three years. Commercial production of pharma intermediate is expected to commence in 3QFY25 and will cater primarily to Indian customers.
- **FINEORG:** Slowdown in the US and Europe is expected to persist for another quarter. Land has been allotted in the SEZ, but final permission is pending, with physical allotment anticipated before March-end (30 acres). The Thailand JV is prepared for commissioning, but is awaiting regulatory approvals.
- **GALSURF**: The management highlighted that inflation remains a concern, although there have been positive developments, such as decreasing commodity prices in Egypt and a decline in food inflation. Management expresses confidence in achieving volume growth within the guided range of 6-8% in FY24, citing strong performance in Performance Surfactants and Specialty Care Products in 9MFY24. EBITDA/kg guidance remains at INR19.5-20.5 for FY24.
- **NFIL:** Agro Specialty capex and capability capex are both progressing as planned and are expected to be commissioned within the given timelines, poised to generate revenues in FY25. The AHF capacity expansion remains on track, with NFIL announcing the doubling of R32 capacity with an investment of INR840m, set to be commissioned by Feb'25. Additionally, NFIL has entered into a strategic partnership with a US-based CDMO player, which would be mutually beneficial for both parties.
- **NOCIL:** Management highlighted that short-term headwinds persist, but the long-term outlook for rubber chemicals remain intact. Demand from the latex industry seems to have bottomed out and there could be recovery seen sooner than later. The tyre industry seems to be well-positioned in the automotive sector with India being the third largest automotive market globally and the fastest growing one.
- **VO:** Management highlighted that destocking in ATBS is almost over now, and VO expects demand to normalize in the coming months. Sustainable EBITDAM would be 25-27%, with revenue CAGR likely to be 15-20% over the next two to three years. Capacities for MEHQ and Guaiacol would be set up by Mar'24, while the rest of the products would be commissioned in 2HFY25.

Exhibit 55: Revenue for our coverage universe

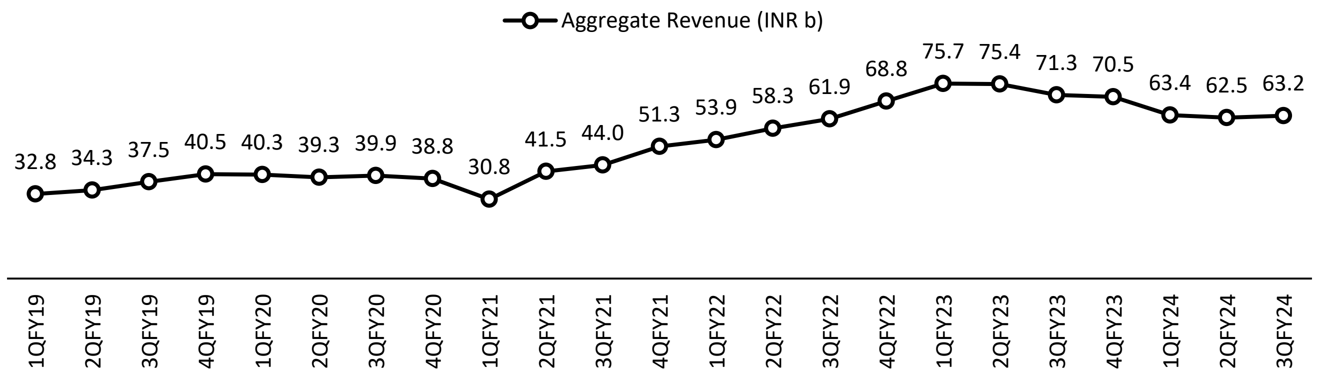


Exhibit 56: Gross margin for our coverage universe

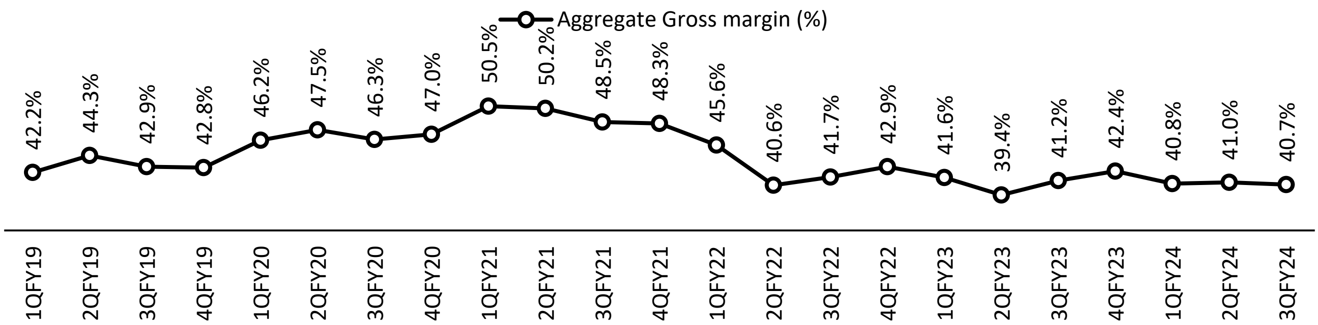


Exhibit 57: EBITDAM for our coverage universe

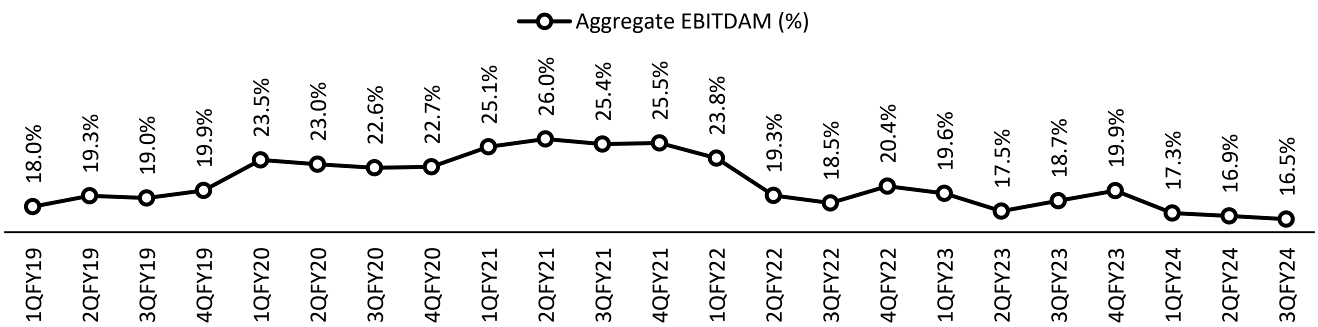
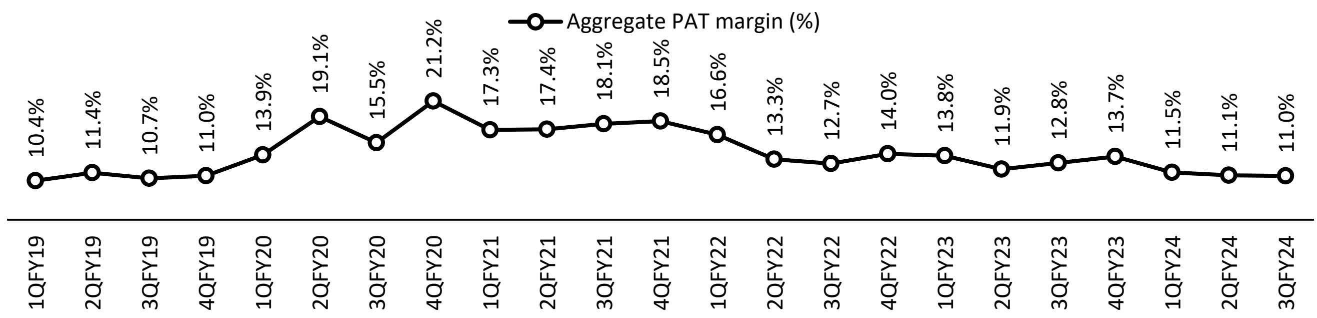


Exhibit 58: PAT margin for our coverage universe



CONSUMER - FMCG: Unchanged demand trend; sustains margin expansion

- **Sluggish sales growth**: Our coverage universe posted revenue growth of 3.8% YoY (est. 7%) in 3QFY24, compared to 4.4% in 2QFY24 and 7.0% in 3QFY23. The consumption trend and management commentary about rural recovery remained unchanged in 3QFY24. Local competition, delayed rural recovery and price cuts continued to impact revenue performance during 9MFY24 (4% revenue growth). Volume growth improved marginally on a sequential basis, but revenue growth was muted due to price cuts. In our coverage universe (19 cos), four companies reported double-digit revenue growth, while three companies saw revenue contraction. Revenue growth was largely in line with estimates for 17 out of 19 companies. P&G Hygiene and Page industries missed our estimates.
- **No big divergence among categories:** There was not much divergence in revenue growth in staple categories, which we witnessed earlier in packaged food and personal care categories. In the discretionary space, paints and jewelry categories performed well and benefited from the shift in the festive season to 3Q from 2Q last year. A delay in the winter season further impacted related categories, like skin care, health care, etc.
- **Inspiring margin recovery; A&P spending remained elevated:** The trajectory of gross margin expansion remained strong despite most companies/categories witnessing price cuts/offers to partially pass on benign RM prices. Companies are stepping up investments in marketing and distribution. Hence, the EBITDA margin expansion is trending below the gross margin expansion. Our coverage universe registered EBITDA growth of 9% YoY (est. 11%) in 3QFY24 and 13% in 9MFY24.
- **PBT and PAT broadly in line:** PBT for 16 of the 19 companies in our coverage was either ahead of or in line with our estimates, with a better-than-expected performance by APNT, CLGT, GCPL, TATACONS, and UNSP. Conversely, there were notable misses by HUVR, PAGE and UBBL. Cumulative PBT growth was in line at 11% YoY (est. 10%). Cumulative PAT growth stood at 14% YoY (est. 10%).
- **Positive surprises:** APNT, CLGT, UNSP, INDIGOPN
- **Misses:** HUVR, PAGE, UBBL
- **Near term outlook:** The rural recovery is expected to be more steady, and recent price cuts/consumer offers should reflect in volume growth pickup. Companies are focusing on the traditional framework (distribution reach, product launches, consumer offers, etc.) to regain the growth momentum. With steady macros, we build volume recovery in FY25. Gross margin has already recovered well for most companies in 9MFY24; hence, a further expansion in FY25 will be category/company-specific. We expect cost control (particularly A&P spending) as a measure to sustain healthy EBITDA growth in FY25. Local competition, rural pickup, pricing activities, and RM prices remains key monitorables.
- **Top picks – ITC, GCPL and TATACONS:** We are positive on **ITC** given: 1) growth outperformance of FMCG with steady improvement in EBITDA margin; 2) steady free cash flow with better capital allocation in recent years; and 3) valuation comfort (particularly after the recent correction). **GCPL** is consistently working toward expanding TAM for the India business, along with product innovations to drive frequency. Besides, there has been a consistent effort to fix the gaps in profitability/growth for its international business. Company has delivered a healthy earnings growth, driven by: 1) superior growth in the highly profitable markets, such as India and Indonesia; 2) volume growth; 3) continuing capacity enhancement by undertaking capex in the organic portfolio; 4) improvement in working capital (especially overseas), which is also on track; and 5) an improving profitability outlook in the overseas business. **TATACONS's** next leg of growth is backed by its two-pronged growth strategy: 1) focusing on new growth engines such as Tata Sampann, NourishCo, Tata Soulful and the ready to-eat/ready-to-consume business (Tata Smart Foodz); and 2) rapidly scaling up its distribution network along with digitization prowess across the supply chain.

Guidance highlights: Commentary on rural recovery was still not encouraging. Barring a few companies such as Dabur and Pidilite, the rest of them saw higher urban growth than rural. Most companies are seeing a similar demand trend continue in the near term and they are focusing on the traditional framework (higher ad spending, distribution expansion and product innovation).

- **APNT:** The company maintains its commitment to a double-digit volume trajectory on a four-year CAGR basis. The Home Décor business contributed 4% of revenue during the quarter, with a target to increase it to 8-10% by FY26. The management has maintained its EBITDA guidance of 18-20%. Capex is expected to reach ~INR20b by the end of FY24.
- **BRIT:** The company expects to achieve a high single-digit or double-digit volume growth. The management commented that local players will not remain longer in the market. They operate by giving price benefits to customers and margin benefits to distributors and retailers. Cheese can achieve ~INR10b in revenue over the next five years by expanding the distribution reach.
- **HUVR:** Urban markets (3% growth) consistently outpaced rural markets (1% growth). Urban-rural disparities are evident in consumption patterns across different sales channels and price segments, with modern trade outperforming others. The premium portfolio remains the primary driver of growth, expanding at a rate more than 2.5x that of the mass portfolio. The beauty and personal care business will be separated into two independent business units, namely beauty & well-being and personal care in Apr'24.
- **GCPL:** The company has introduced Goodknight Agarbatti with an exclusive new molecule (RNF), which is ~2x more effective than most other molecules. The launch is aimed at tapping the INR12b incense stick market (growing at 10%) that is largely dominated by unorganized players. In Indonesia, the hair color business is relatively smaller, but it is experiencing rapid growth, particularly through shampoo hair color.
- **MRCO:** Demand trends remained steady, and there was no apparent improvement from the previous quarter. FMCG volume growth, on a four-year CAGR basis, remained in low single digits. The food business has consistently excelled and is expected to reach a minimum of INR7.5b by the end of FY24. Digital-first brand Beardo is expected to generate EBITDA this year, while Just Herbs and True Elements could break-even in the coming year.
- **PIDI:** Both urban and rural markets expanded, with rural and small-town markets outperforming urban areas. The paints business, as consistently stated, solely focuses on small towns and rural areas. The waterproofing paint market is growing at a faster pace; therefore, the company will not lose market share due to the entry of new players. The lending business pilot is underway and will be launched in a southern Indian city in Feb'24. Growth drivers in new categories include tile adhesives, wood finishes, and joinery businesses. PIDI plans to achieve growth rates 2x-4x GDP.
- **TATACONS:** The company expects to increase the contribution of new businesses (including Capital foods and Organic India) to 30% of its India branded business, led by a 30% revenue CAGR. It is confident of delivering revenue of INR9-10b in NourishCo. TATACONS aims to expand the store network of Starbucks to ~1,000 by FY28.
- **UNSP:** The demand environment is muted sequentially; however, premiumization trends continue. Despite the festive season, Cricket World Cup and the wedding season, demand has not picked up as consumers are cutting down on the number of occasions to manage their wallets. The company maintains its guidance of double-digit sales growth. The management guides EBITDA margins ahead of 15% for FY24 and expects to achieve mid-to-high-teens margin in the next two to three years.
- **UBBL:** In its premium portfolio, Ultra and Ultra Max saw growth in strong double digits. The company has supply issues in Karnataka; however, it still managed to grow well. Beer consumption in India remains low, with only 85-90m consumers compared to 200m people who consume any type of liquor. GM recovery was lower than expected as the company witnessed slow glass bottle returns. GM should improve steadily in coming years. The company has invested nearly INR1.3b for supply chain efficiencies.
- **VBL:** The March-July period is the peak season for VBL. Even after witnessing a washout peak season in CY23, the company delivered healthy volume growth of ~14% in the year. This, coupled with an increase in capacity, gives management the confidence to sustain the growth momentum. Going ahead, the company will focus on improving the go-to-market (expanding to 400-500k outlets every year) and adding more chilling equipment. It will focus on going deeper into the existing markets.

Exhibit 59: Quarterly volume growth

(%)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
APNT (domestic decorative)	10.0	8.0	37.0	10.0	0.0	16.0	10.0	6.0	12.0
BRIT (base business)	6.0	4.0	(2.0)	4.0	2.0	3.0	0.0	3.0	5.5
CLGT (toothpaste)	1.0	(4.0)	(1.0)	0.0	-2.0	0.0	5.0	-1.0	-1.0
DABUR (domestic FMCG)	2.0	2.0	5.0	2.0	-3.0	1.0	3.0	3.0	6.0
HMN (domestic)	0.0	0.0	9.6	-1	-3.9	2.0	3.0	2.0	-0.9
HUVR (domestic)	2.0	0.0	6.0	4.0	5.0	4.0	3.0	2.0	2.0
ITC (cigarette)*	12.5	9.0	26.0	21.0	15.0	12.0	8.0	4.0	-1.0
MRCO (domestic)	0.0	1.0	(6.0)	3.0	4.0	5.0	3.0	3.0	2.0
PIDI (consumer bazaar)	9.0	20.2	44.0	1.0	1.0	7.0	12.0	8.0	10.4

Source: Company, MOFSL

Exhibit 60: Revenue/EBITDA/PAT growth

Company Name	Revenue	3QFY24 YoY %	9MFY24 YoY %	EBITDA	3QFY24 YoY %	9MFY24 YoY %	PAT	3QFY24 YoY %	9MFY24 YoY %
Asian Paints	91,031	5.4	4.1	20,561	27.6	34.1	14,752	34.5	44.6
Britannia	42,563	1.4	3.4	8,211	0.4	17.4	5,599	0.8	15.8
Colgate	13,957	8.1	8.1	4,684	29.6	25.0	3,301	35.7	29.9
Dabur	32,551	6.7	8.2	6,678	8.1	9.7	5,225	7.8	7.2
Emami	9,963	1.4	4.6	3,149	7.0	11.4	2,828	11.0	16.5
Godrej Consumer	36,596	1.7	5.9	9,048	17.9	23.2	5,862	6.0	9.8
Hind. Unilever	1,51,880	-0.3	3.1	35,400	0.1	5.8	25,410	-1.5	6.3
Indigo Paints	3,538	25.8	23.2	622	53.5	40.0	376	43.0	40.3
ITC	1,64,833	1.6	-1.6	60,243	-3.2	3.3	55,776	10.9	12.7
Jyothy Labs	6,775	10.6	12.2	1,186	40.6	65.3	909	34.9	71.3
Marico	24,220	-1.9	-2.0	5,130	12.5	11.8	3,830	16.8	16.3
Nestle	46,004	8.1	10.8	11,289	13.5	19.7	7,808	23.5	24.4
P&G Hygiene	11,334	-0.3	6.2	3,097	6.6	41.0	2,289	10.1	45.1
Page Industries	12,288	2.4	-4.9	2,297	19.1	-3.2	1,524	23.1	-6.5
Pidilite Inds.	31,300	4.4	4.1	7,425	49.7	39.6	5,107	66.8	45.3
Tata Consumer	38,039	9.5	11.0	5,724	26.2	23.0	3,475	18.7	25.4
United Breweries	18,227	13.1	4.5	1,456	89.9	-1.4	849	274.9	3.2
United Spirits	29,893	7.5	1.9	4,914	33.6	24.6	3,481	61.0	29.1
Varun Beverages	26,677	20.5	17.4	4,183	36.0	24.6	1,318	76.3	30.9

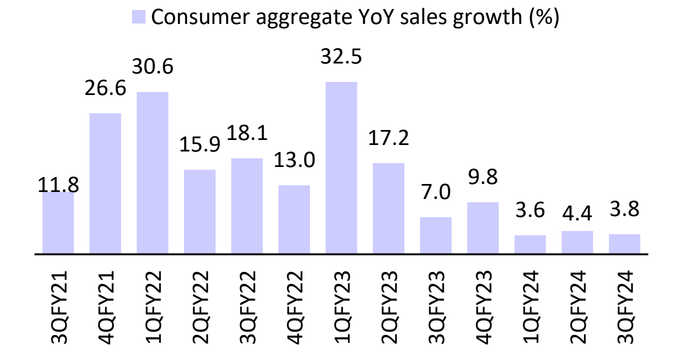
Source: Company, MOFSL

Exhibit 61: Gross and EBITDA margin expansion

Companies	Gross Margin	YoY (bp)	EBITDA Margin	YoY (bp)
Asian Paints	43.6	504	22.6	393
Britannia	43.9	21	19.3	-19
Colgate	72.2	631	33.6	557
Dabur	48.6	295	20.5	27
Emami	68.8	291	31.6	166
Godrej Consumer	55.9	474	24.7	340
Hind. Unilever	51.5	401	23.3	8
Indigo Paints	48.2	436	17.6	317
ITC	58.4	-44	36.5	-181
Jyothy Labs	49.8	666	17.5	374
Marico	51.3	634	21.2	272
Nestle	58.6	374	24.5	117
P&G Hygiene	60.2	295	27.3	179
Page Industries	53.1	-32	18.7	263
Pidilite Inds.	52.9	1104	23.7	718
Tata Consumer	43.8	228	15.0	199
United Breweries	44.0	215	8.0	323
United Spirits	43.4	286	16.4	321
Varun Beverages	56.6	34	15.7	179

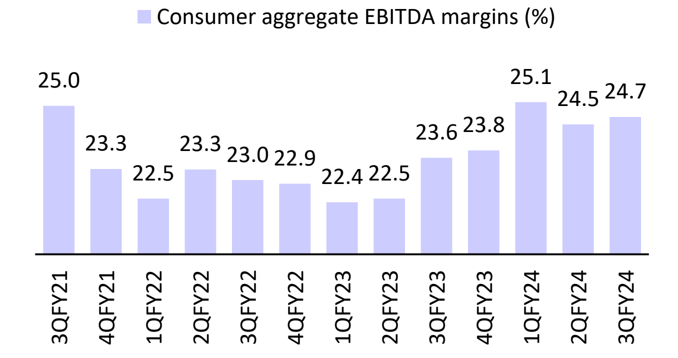
Source: Company, MOFSL

Exhibit 62: Sales grew 3.8% YoY for our consumer universe



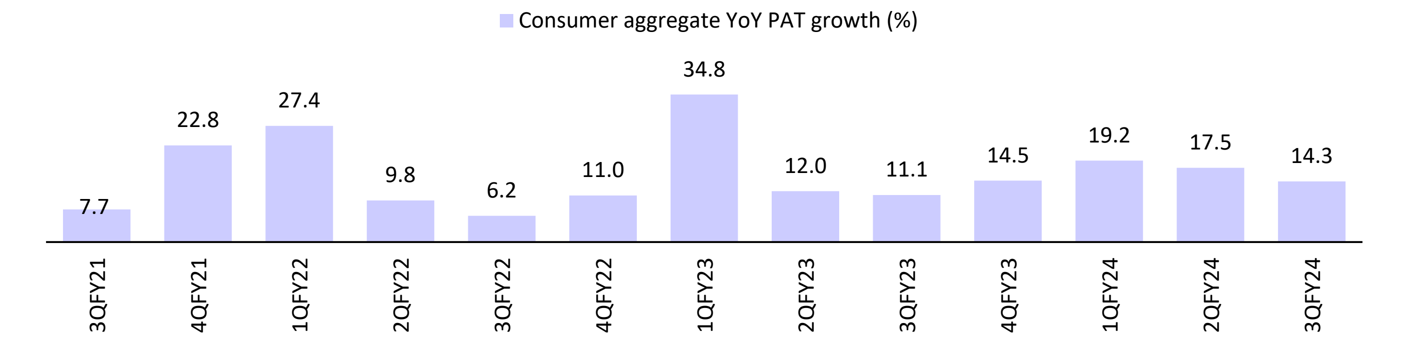
Source: Company, MOFSL

Exhibit 63: Aggregate EBITDA margin rose ~110bp YoY



Source: Company, MOFSL

Exhibit 64: Aggregate adjusted PAT up 14.3% YoY, led by margin expansion



Source: Company, MOFSL

CONSUMER - QSR: Weak underlying growth; pressure on profitability

- **Sluggish demand trajectory**: QSR companies sustained sluggish performance as growth metrics (SSSG, ADS) remained weak despite Cricket World Cup and various other initiatives. Our coverage universe posted revenue growth of 6% YoY in 3QFY24, down from 9% in 2QFY24 and 19% in 3QFY23. SSSG/ADS continued to decline, barring Restaurant Brand Asia (BK), which reported positive SSSG at 3%. Jubilant, Westlife, Devyani (KFC), Devyani (PH), Sapphire (KFC), Sapphire (PH), and Barbeque registered same-store sales decline of 3%/9%/5%/13%/2%/19%/5%. The disparity between dine-in and delivery was minimal, yet the delivery service outperformed dine-in.
- **Store addition sustains; expects slow addition in FY25:** Most companies have maintained the aggressive store addition in 3QFY24 and the momentum is expected to sustain into 4Q. However, the companies are reconsidering their strategies for FY25 due to weakened demand. Given sluggish unit economics across brands, particularly the weaker ones, it is anticipated that companies will tapper down their aggressive store openings in FY25.
- **Pressure on profitability:** With the underlying growth remaining weak, companies experienced a significant impact on their unit economics. Both restaurant margin and EBITDA margin were down for most of the brands in 3Q. The downward trend has persisted over the last three quarters. PBT was down >50% YoY in 3QFY24 and >40% YoY in 9MFY24. The PBT for Devyani, Sapphire, Westlife, and Jubilant declined 87%, 58%, 52%, and 31% YoY. However, RBA managed to reduce its loss from INR 112m to INR 64m. Barbeque Nation saw a 13% increase in PBT.
- **Outperformer (3Q):** RBA
- **Under-performer (3Q):** Devyani, Westlife
- **Near-term outlook:** We expect QSR companies to sustain growth weakness in the near term, which will likely keep operating margins under pressure. Following a sharp dip in margins in 9MFY24, any further dips will be closely monitored. We remain cautious for QSR companies in the near term.

Guidance highlights:

- **JUBI:** The current slowdown seems to be cyclical. Performance was strong in Nov'23, but subsided after Diwali and in Dec'23. Jan'24 also remained weak. However, Domino's has gained market share. Competition has increased, but Domino's was able to gain market share. Out of 14 pizza chains, which have a combined ~4,000 stores, JUBI has a 69.7% revenue share and a 46.8% store share.
- **Devyani**: Despite the festive season, there was some contraction in consumer sentiments, reflecting broader economic concerns and a cautious approach to mass discretionary spending. Pizza Hut faces competition from the local players; however, the company is taking proactive measures to enhance the overall consumer store experience. Thailand business margins are at 15%, lower than the India business of 20%. The management is confident of achieving the margins equal to that of India over a period of time.
- **Westlife**: Demand was hit during the quarter due to subdued consumer sentiments and the floods in Chennai. Reported SSS dropped 9% due to continuing weakness in dine-in trends, external challenges, and a high base. Adjusted for the external issues, SSS declined 3%. The company aims for a high-single-digit SSSG by FY27.
- **Sapphire**: The macro environment remains tough for the QSR category. The company will slow down on its rate of store expansion but continue to invest in refurbishments to maintain customer experience. KFC store expansion will be steady; however, PH store expansion will be muted in FY25 as the company focuses on ADS and profitability.
- **RBA**: An increase in India restaurant traffic boosted SSSG. RBA has been seeing healthy traffic for the last three quarters. The management has maintained its GP margin guidance of 67% for FY24 and aims to achieve 69% by FY27. It has cut SSSG guidance by 300bp to 3% for FY24.
- **Barbeque**: The demand environment is challenging, which led to a decline in same-store-sales of 4.9% YoY. Oct'23 has been adversely impacted by higher number of vegetarian days. Dine-in sales were flat YoY, and up 10% sequentially, largely driven by higher volumes. Delivery sales was up 5.2% YoY and 8.4% sequentially, mainly driven by Dum Safar. In FY25, capex would be ~INR800-900m, including the maintenance operation. The capex requirement will be financed by the company internally.

Exhibit 65: Quarterly trend

Particulars	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Revenue Growth									
Barbeque Nation	47%	11%	209%	41%	14%	12%	3%	-3%	1%
Devyani	65%	36%	100%	45%	27%	28%	20%	10%	7%
Jubilant	13%	13%	41%	17%	10%	8%	6%	5%	3%
Sapphire	52%	46%	80%	36%	17%	13%	20%	14%	12%
Restaurant Brands	72%	37%	125%	50%	32%	36%	25%	23%	20%
Westlife	47%	27%	108%	49%	28%	22%	14%	7%	-2%
Total	**37%**	**25%**	**80%**	**33%**	**19%**	**17%**	**13%**	**9%**	**6%**
SSSG									
Barbeque Nation	43%	6%	182%	23%	-1%	-3%	-8%	-11%	-5%
Devyani - KFC	24%	3%	64%	13%	3%	2%	-1%	-4%	-5%
Devyani - PH	25%	2%	32%	3%	-6%	-3%	-5%	-10%	-13%
Jubilant (LFL)	8%	6%	28%	8%	0%	-1%	-1%	-1%	-3%
Sapphire - KFC	29%	15%	65%	15%	3%	2%	0%	0%	-2%
Sapphire - PH	22%	3%	47%	23%	-4%	-4%	-9%	-20%	-19%
Restaurant Brands	65%	17%	66%	27%	9%	8%	4%	4%	3%
Westlife	44%	23%	97%	40%	20%	14%	7%	1%	-9%
Store (India)									
Barbeque Nation	174	185	195	205	212	216	212	212	216
Devyani	838	892	961	1,047	1,120	1,184	1,230	1,298	1,387
Jubilant	1,548	1,625	1,676	1,753	1,814	1,863	1,891	1,949	2,007
Sapphire	459	482	516	550	599	627	660	692	725
Restaurant Brands	294	315	328	334	379	391	396	404	441
Westlife	316	326	331	337	341	357	361	370	380
PBT (INR m)									
Barbeque Nation	190	2	208	69	67	(125)	(55)	(151)	75
Devyani	663	451	771	700	736	412	603	330	97

Particulars	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Jubilant	1,831	1,539	1,642	1,619	1,194	930	1,014	963	819
Sapphire	525	286	356	269	336	123	336	214	140
Restaurant Brands	(152)	(132)	(227)	(133)	(112)	(246)	(222)	(93)	(64)
Westlife	279	205	318	420	480	277	406	302	231
PBT Margins									
Barbeque Nation	7%	0%	7%	2%	2%	-4%	-2%	-5%	2%
Devyani	11%	8%	11%	9%	9%	5%	7%	4%	1%
Jubilant	15%	13%	13%	13%	9%	7%	8%	7%	6%
Sapphire	10%	6%	7%	5%	6%	2%	5%	3%	2%
Restaurant Brands	-5%	-5%	-7%	-4%	-3%	-7%	-5%	-2%	-1%
Westlife	6%	5%	6%	7%	8%	5%	7%	5%	4%

EMS: The strong revenue growth momentum continues

- **A majority of the companies report strong revenue growth:** The EMS sector reported another strong quarter with aggregate revenue growth of 57% YoY. This was driven by healthy order inflow, which rose 44% YoY and 26% since Mar'23 (order book growth excludes Dixon and Amber). Dixon led the pack with 2x YoY revenue growth because of a healthy growth in mobile and EMS division revenue (up 251% YoY on low base), followed by Kaynes (76%), Cyient DLM (50%), Syrma SGS (38%), and Data Patterns (25%). Conversely, Avalon/Amber posted a revenue decline of 8%/4% YoY. For our coverage universe (ex. Dixon and Amber), revenue grew 39% YoY vs. our est. of +48% YoY.
- **Strong order inflow provides ample near-term growth visibility:** The order inflow remained healthy across sectors. For instance, Kaynes was awarded large orders in the aerospace, industrial, and EV segments. Avalon reported order inflow from power, industrial, clean energy, automotive, and railways. Cyient DLM witnessed an increasing mix of its aerospace and defense (A&D) vertical; and Syrma saw strong growth in industrials, automotive, and consumer segments. Among the EMS basket, Syrma/Kaynes clocked the highest order inflow, up 2.1x/48% YoY (up 50%/43% since Mar'23), followed by Data Patterns (up 25% YoY/ down 25% since Mar'23) and Avalon (up 7% YoY/4% since Mar'23). Cyient DLM posted muted order inflow, down 2% YoY/down 6% since Mar'23.
- **Gross margin remains muted due to the unfavorable product mix:** Gross margin contracted ~360bp YoY/170bp QoQ to 9.4% for the EMS basket. The companies that recorded the strongest growth (such as Dixon/Kaynes/ Syrma), have reported a gross margin contraction of 220bp/550bp/280bp YoY. This contraction was primarily due to a change in product mix (towards low-margin products), and higher initial prototyping costs for new orders/ clients added in 2Q/3QFY24. Conversely, Amber, Avalon, Data Patterns and Cyient DLM posted a margin expansion of 270bp, 220bp, 130bp, and 60bp YoY, respectively. Driven by strong revenue growth, EBITDA for the basket grew 30% YoY/10% QoQ; however, gross margin contraction coupled with higher SG&A costs (mainly top tier recruitments) led to an overall 120bp YoY contraction in the EBITDA margin during the quarter.
- **The quarter witnesses two earnings downgrades:** The quarter saw downgrades in FY25/FY26 EPS estimates for Avalon (25%/19%) and Syrma (12%/4%). We maintained our FY25/FY26 EPS estimates for Kaynes, Cyient DLM and Data Patterns.
- **Surprises:** DATAPATT
- **Misses:** CYIENTDL, AVALON

Guidance highlights:

- **Kaynes:** The management has reaffirmed its revenue guidance of ~INR17-18b in FY24 and double-digit PAT margin. However, EBITDA margin is expected to remain at par with FY23 levels. EBITDA margin improvement is expected in FY25/26 though.
- **Avalon:** Management anticipates ~8-10% YoY decline in revenue for FY24, targeting an EBITDA margin of ~7-8%. However, it projects a robust revenue growth of 20-25% going forward. Despite a loss of INR200m in the US business in 9MFY24, the company foresees a turnaround in 1HFY25, with an accelerated recovery in 2HFY25.
- **Syrma SGS:** Management anticipates FY24 revenue of around INR30b with an EBITDA margin of 7.0-7.5%. The company is confident of maintaining a 40-45% revenue growth in FY25 with margin of ~7-8%.

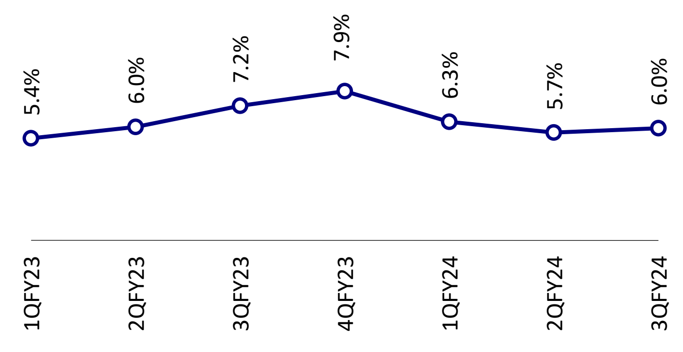
- **Cyient DLM:** CYIENTDL has completed its SG&A investments and anticipates margin improvements starting next quarter, aiming for approximately 10-10.5% in the near term and 11-12% in the long term.
- **DATAPATT:** Management reaffirmed a revenue growth target of 20-25% for the next two years, aiming for a sustainable EBITDA margin of ~40%. DATAPATT anticipates orders worth INR6-8b over the next few quarters. Regarding working capital days, the company aims for 240-270 days over the next two years, and expects an improvement driven by reduced inventory days due to supply chain normalization.

Exhibit 66: Key operating indicators

	Revenue (INR m)					EBITDA margins (%)					Adj PAT (INR m)				
	3Q FY24	3Q FY23	YoY (%)	2Q FY24	QoQ (%)	3Q FY24	3Q FY23	YoY (bps)	2Q FY24	QoQ (bps)	3Q FY24	3Q FY23	YoY (%)	2Q FY24	QoQ (%)
Kaynes	5,093	2,891	76.2	3,608.45	41.1	13.7	14.2	-50	13.5	20	452	229	97.7	323	39.9
Avalon	2,143	2,327	-7.9	2,009.93	6.6	7.7	8.7	-100	6.3	150	66	57	14.7	73	-9.6
Cyient DLM	3,210	2,144	49.7	2,918	10.0	9.2	9.6	-50	8.1	110	184	57	222.9	147	25.8
Syrma SGS	7,067	5,126	37.9	7,117	-0.7	5.5	9.3	-380	6.9	-140	155	332	-53.2	297	-47.7
Data Patterns	1,395	1,118	24.8	1,083	28.8	43.0	42.1	100	37.6	540	510	333	53.0	338	50.8
Dixon	48,183	24,047	100.4	49,432	-2.5	3.8	4.6	-80	4.0	-20	964	519	85.8	1,073	-10.1
Amber	12,948	13,483	-4.0	9,271	39.7	6.1	5.8	20	6.4	-40	-5	142	-103.4	-69	NA
Agg.	**80,038**	**51,136**	**56.5**	**75,440**	**6.1**	**6.0**	**7.2**	**-120**	**5.7**	**20**	**2,327**	**1,669**	**39.4**	**2,181**	**6.7**
Agg. (ex. Dixon, Amber)	**18,908**	**13,606**	**39.0**	**16,737**	**13.0**	**11.4**	**13.0**	**-160**	**10.4**	**90**	**1,367**	**1,008**	**35.6**	**1,177**	**16.1**

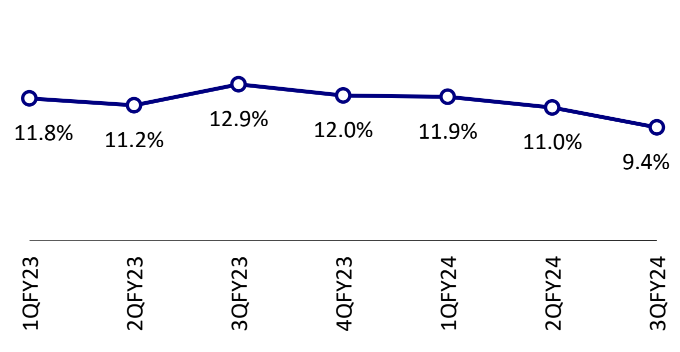
Source: MOFSL, Company

Exhibit 67: Aggregate EBITDA margin remained under pressure due to…



Source: MOFSL, Company

Exhibit 68: …unfavorable product mix that impacted aggregate gross margin adversely



Source: MOFSL, Company

Exhibit 69: Our revised EPS estimates (INR)

	Rating	FY24E			FY25E			FY26E		
		Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Kaynes	BUY	28.3	28.2	0	45.1	44.9	0	63.4	62.5	1
Avalon	BUY	4.8	8.6	-44	11.4	15.2	-25	17.4	21.5	-19
Cyient DLM	BUY	8.0	7.9	2	14.4	14.3	1	23.5	23.5	0
Syrma SGS	BUY	6.7	8.1	-17	7.0	12.0	-42	10.6	18.8	-44
Data Patterns	Neutral	33.1	31.5	5	43.5	43.2	1	58.1	60.4	-4

Source: MOFSL, Company

FINANCIALS – BANKS: Earnings traction steady; remains watchful on liability growth and margins

- The banking sector posted a mixed performance in 3QFY24, marked by healthy business growth, controlled provisions, persistent NIM pressure, and high opex (wage/pension provisions in PSUs mainly affected SBIN). Credit growth was mainly aided by continued momentum in retail growth. The corporate sector saw a gradual pickup, aided by MSME growth. Deposit growth was modest and continued to be led by term deposits, while some banks raised bulk deposits at higher rates, leading to a QoQ rise in the cost of funds (CoF) for the sector.
- NII growth moderated YoY across banks (17.7%/6% for private/PSUs), with IDFCFB posting the highest growth at 30% and BOB reporting the lowest growth at 2.6%. CoF continued to inch up, exerting pressure on NII, and we

expect the trend to continue in 4Q as well. Most of the banks witnessed stagnant or a slight dip in margins, barring select PSU banks. Healthy fee income, along with muted treasury gains, led to largely flat PPoP.

- Fresh slippages saw a mixed trend in 3Q, with SBIN seeing a slight increase (from a low base) and most private banks posting a decline. As a result, asset quality improved across the sector. This coupled with continued momentum in recoveries and upgrades, led to a sequential decline in GNPA/NNPA ratios, while PCR remained healthy. The restructured book continued to decline, while the SMA pool remained well under control.
- **Private Banks – Advances growth healthy; margins moderate:** Advances saw a steady growth of ~3.5-5% QoQ (15-22% YoY, excluding HDFCB). Deposit growth was slower at ~2-5% QoQ (AXSB clocked faster growth, led by bulk deposits). IDFCFB witnessed 7% QoQ growth in deposits, led by healthy growth in both CASA and term deposits. NII grew 6%-30% YoY, with IDFCB posting the highest growth and DCB clocking the lowest growth. Margins remained under pressure for most banks, with a QoQ decline of 0-20bp in NIMs in 3QFY24. Slippages remained moderate across banks, barring IIB and AXSB, which saw a slight increase. Recoveries and upgrades continued to be healthy, resulting in a 0-30bp reduction in the GNPA ratio.
- **Public Sector Banks (PSBs) – Earnings growth steady; asset quality continues to improve:** PSBs continued to see healthy improvements in operating performance amid strong loan growth at 12-15% YoY across banks, driven by robust traction in the RAM segment. NII and fee income saw mixed trends, while lower provisions led to PAT improvements across the sector. Slippages remained under control, except for SBIN, which saw a minor increase after a dip in 2Q. Overall recoveries and upgrades remained healthy in 3Q. As a result, GNPA ratios continued to decline by 13-155bp QoQ. Overall PCR remained healthy at ~74-89%. Restructured and SMA books also declined.
- **Small Finance Banks – Business growth robust; mixed asset quality trends:** AUBANK reported healthy deposit growth of 31% YoY and advances growth of 20% YoY (4% QoQ), led by growth in the wholesale book. However, the card business disappointed, with a surge in delinquencies and provisioning expenses. Deposit growth was led by faster growth in TDs at 7.2% QoQ, while CASA growth was slow at 3% QoQ. Asset quality saw a blip, with an increase in slippages by 15.5% QoQ; however, elevated provisioning helped keep PCR stable. EQUITASB reported healthy AUM growth across segments and the management expects to sustain credit growth at 25-28% in FY24. Healthy NII and other income resulted in 19% YoY growth in PAT. Deposit growth was robust at 38% YoY (5% QoQ), led by faster growth in TDs; however, the CASA ratio dived to 32.7% (vs. peak of 52% in 4QFY22).
- **Our view:** We expect banking sector earnings to remain resilient, led by healthy loan growth and controlled provisions. We have, however, cut our earnings estimates for private banks due to 1) higher cost pressures, 2) concerns over loan growth given stretched LDR, and 3) rising CoF impacting margins. With the industry CD ratio at its peak, competition for deposits is heating up and we remain watchful on CoF. We, thus, expect NIM moderation to continue, although the pace is likely to moderate over the coming quarters due to ongoing re-pricing of liabilities. We believe banks with a higher CASA mix are well positioned to navigate the rising rate environment, even as the CoF is likely to increase. The asset quality outlook remains encouraging, with anticipation of a moderation in slippages, healthy PCR, and contingent buffers driving benign trends in core credit costs. The turn in the delinquency cycle in unsecured loans keeps us watchful, but we expect credit costs to stay under control over the coming quarters. We reduce our FY24E/FY25E EPS for private banks but increase it for PSBs given better earnings visibility. Among private banks, we reduce our FY25E EPS by 9%/8%/7%/3% for RBL/AXSB/AUBANK/IIB, whereas we raise FY25E EPS for PNB/SBI by 5%/4%. **We retain our preference for ICICIBC, IIB, SBIN, CBK, and UNBK.**
- **Positive surprises:** ICICBC, PNB, BOB, CBK and INBK
- **Misses:** SBIN, SBICARDS, IDFC First and BANDHAN

Guidance highlights

- **HDFCB** continues to focus on strengthening its geographical footprint, even though it guides for some moderation in branch expansion. With the CD ratio at the higher end of 110% due to the merger, the bank focuses on increasing its deposit growth. While the current margins are at the lower end of the spectrum, the bank guides for a gradual recovery in margin to 3.7% in 18-24 months, with expectations of completing the deposit repricing in two quarters. The bank remains confident about its growth trajectory as it has been able to maintain its incremental market share of ~16-20% despite an increase in its size. The bank aims to double its balance sheet in the next 4-5 years.

- **KMB** remains committed to its growth strategy, driven by an all-round performance in various sectors. The bank is committed to enhancing its digital capabilities over the next few quarters. It has migrated all CMS customers to a new CMS platform. Also, there is a noticeable shift from SA to ActivMoney. Deposit growth has picked up, driven by the ActivMoney product launched six months ago. NIM was stable with a 3-4bp differential due to the ICRR impact, which was taken in the previous quarter (major reason was a change in the mix of advances).
- **ICICIBC** delivered another stable quarter. It aims to increase its fundamental operating earnings while taking a prudent approach to risk and maintaining a customer-centric strategy. For the branch expansion, the bank will look at opportunities in the micro market and plans to assess markets in each geographical area. KMB has not set any growth targets and does not have any specific branch opening strategy. The bank has seen broad-based growth in its secured portfolio and does not depend on unsecured loans for growth. In the unsecured loan mix, KMB has refined credit parameters, and hence credit growth may continue to moderate in unsecured loans. Although the bank acknowledges that NIM is expected to moderate from the current level, it expects consistent loan growth, driven by the retail, SME, and business banking segments.
- **AXSB** continues to strengthen its geographical footprint and expects to sustain branch addition momentum in FY25. The bank has gained an incremental market share of 6.7% in the past three years, while it guides for faster growth at 400-600bp than the industry. The bank expects deposit repricing to continue through FY24, but the pace of the increase will reduce. AXSB expects deposit repricing to spill into 1QFY25. It plans to continue to invest in the business, taking advantage of controlled credit costs. Hence, the cost-to-assets ratios will remain elevated, much higher than the earlier guidance of ~2% by the end of FY25.
- **SBIN** expects to sustain strong traction in credit growth and loan growth of ~14-15% in FY24. Margins contracted 7bp QoQ to 3.22% in 3Q; however, the bank expects margins to remain broadly stable, with a potential 1-2bp decline. The bank has various levers, such as the CD ratio and MCLR repricing, to keep margins stable. Business growth remains robust, with signs of a recovery in the corporate segment. CET-1 stood at 10.38%, while the bank remains open to raising more capital if growth trends demand. The regulatory framework for the valuation of its investment portfolio is estimated to add ~50bp to CET-1 in Apr'24. With wage revisions increasing to 17% from 14% previously, the bank provided INR63.13b in 3Q (INR88.9b as of Sep'23). The bank expects to make residual INR54.08b of wage-related provisions in 4Q. After wage provisioning in FY24, the wage bill will be INR660b in FY25E vs. INR770b (total at INR770b + INR71b {one offs} = INR 841b) in FY24.
- **IIB** targets loan growth of 18%-23%, with retail comprising 55%-60% of share. Margin stood flat at 4.29% in 3QFY24, as repricing on retail helped to improve yields on overall assets. The deposit repricing is largely done and the bank is at the last stage of deposit repricing. The management expects NIMs to stay healthy at 4.3%. IIB expects margins to improve as the interest rate cycle reverses. Despite an elevated C/I ratio of about 47.4%, the bank expects to improve efficiency, leading to a moderation in the C/I ratio to around 41%-43% in the next two years. IIB expects slippages to normalize at around INR12b going ahead, which, along with healthy provisioning in the MFI portfolio, will lead to a further reduction in credit costs. Since branch expansion is vital for deposits, IIB aims to increase its branch network to 3,250-3,750 by FY26.
- **BOB:** Advances are expected to grow 14%-16% in FY24, driven by retail growth, which is expected to moderate from hereon. The bank guides for deposit growth of ~12-13% in FY24. The CD ratio is expected to remain in the range of ~80%. The bank has reduced its dependency on bulk deposits, which led to a 3bp improvement in NIMs in 3Q. BOB expects NIMs to be stable at around 3.15% (+/-5bp) in FY24. It has made structural changes in fee income, and hence will look at optimizing growth. The bank expects the C/I ratio to moderate further. It remains committed to maintaining its ROA target of more than 1%.

Exhibit 70: Mixed quarter for banks: Earnings growth supported by healthy business growth and controlled provisions

	NII			PPOP			PAT		
INR b	3QFY24	YoY (%)	QoQ (%)	3QFY24	YoY (%)	QoQ (%)	3QFY24	YoY (%)	QoQ (%)
AUBANK	13.2	14.9	6.1	6.6	18.24	1.4	3.8	(4.5)	(6.6)
AXSB	125.3	9.4	1.8	91.4	(1.47)	5.9	60.7	3.7	3.5
BANDHAN	25.3	21.4	3.4	16.6	(13.88)	4.5	7.3	152.2	1.6
BoB	111.0	2.6	2.5	70.2	(14.78)	(12.5)	45.8	18.9	7.7
CBK	94.2	9.5	5.8	68.1	(2.11)	(10.6)	36.6	26.9	1.4
DCBB	4.7	6.3	(0.4)	2.1	8.96	0.5	1.3	11.2	(0.2)
FB	21.2	8.5	3.3	14.4	12.80	8.5	10.1	25.3	5.5
HDFCB	284.7	23.9	4.0	236.5	24.30	4.2	163.7	33.5	2.5
ICICIBC	186.8	13.4	2.0	147.2	10.94	3.5	102.7	23.6	0.1
IDFCFB	42.9	30.5	8.5	15.6	23.93	3.5	7.2	18.4	(4.7)
IIB	53.0	17.8	4.3	40.4	9.65	3.4	23.0	17.2	4.5
INBK	58.1	5.7	1.3	41.0	0.88	(4.8)	21.2	51.8	6.6
KMB	65.5	15.9	4.1	45.7	18.61	(1.0)	30.1	7.6	(5.8)
PNB	102.9	12.1	3.7	63.3	10.76	1.8	22.2	253.5	26.6
RBK	15.5	21.1	4.8	7.7	34.91	4.7	2.3	11.5	(20.7)
SBIN	398.2	4.6	0.8	203.4	(19.36)	4.7	91.6	(35.5)	(36.1)
UNBK	91.7	6.3	0.5	72.8	9.95	0.8	35.9	59.9	2.2

Source: MOFSL, Company

Exhibit 71: Margin saw QoQ moderation/stagnation for most banks, except for select PSUs

NIM (%)	2QFY24	3QFY24	YoY (bp)	QoQ (bp)
AUBANK	5.50	5.50	(70)	-
AXSB	4.11	4.01	(25)	(10)
BANDHAN	7.20	7.20	70	-
BoB	3.07	3.10	(27)	3
CBK	3.00	3.03	(2)	3
DCBB	3.69	3.48	(54)	(21)
FB	3.22	3.19	(36)	(3)
HDFCB	3.40	3.40	(70)	-
ICICIBC	4.53	4.43	(22)	(10)
IDFCFB	6.32	6.42	6	10
IIB	4.29	4.29	2	-
INBK	3.52	3.49	(25)	(3)
KMB	5.22	5.22	(25)	-
PNB	3.11	3.15	(1)	4
RBK	5.54	5.52	25	(2)
SBIN	3.29	3.22	(28)	(7)
UNBK	3.18	3.08	(13)	(10)

Source: MOFSL, Company

Exhibit 72: Loan growth steady; deposit growth continued to be led by term deposits

	Loans			Deposits			CASA ratio (%)		
INR b	3QFY24	YoY (%)	QoQ (%)	3QFY24	YoY (%)	QoQ (%)	3QFY24	YoY (bp)	QoQ (bp)
AUBANK	667	20.0	4.0	801	31.13	5.8	33.0	(500)	(90)
AXSB	9,323	22.3	3.9	10,049	18.48	5.2	42.0	(300)	(200)
BANDHAN	1,102	19.6	8.0	1,174	14.80	4.8	36.1	(26)	(243)
BoB	10,241	15.0	2.6	12,453	8.33	(0.3)	40.7	(94)	81
CBK	9,206	12.8	3.2	12,629	8.55	2.5	31.7	(90)	(50)
DCBB	390	18.2	4.5	471	19.3	3.6	26.1	(149)	109
FB	1,992	18.4	3.3	2,396	19.0	2.9	30.6	(361)	(54)
HDFCB	24,461	62.3	4.9	22,140	27.7	1.9	37.6	(600)	40
ICICIBC	11,538	18.5	3.9	13,323	18.7	2.9	40.8	(567)	(117)
IDFCFB	1,855	27.3	4.2	1,825	37.22	6.6	46.8	(320)	40
IIB	3,271	19.9	3.7	3,688	13.4	2.6	38.5	(352)	(92)
INBK	4,896	12.3	4.0	6,542	9.55	2.1	39.7	(73)	(44)
KMB	3,596	15.7	3.2	4,086	18.6	1.9	47.7	(560)	(60)
PNB	9,164	14.5	3.0	13,235	9.35	1.0	42.5	(125)	32
RBK	799	19.9	4.7	927	13.5	3.3	33.8	(281)	(195)
SBIN	35,195	15.1	5.2	47,622	13.02	1.6	41.9	(330)	(70)
UNBK	8,621	14.0	7.3	11,725	10.09	3.1	34.7	(94)	(26)

Source: MOFSL, Company

Exhibit 73: Asset quality continues to improve for most of the banks; credit cost remains in control

Asset quality	2QFY24 (%)			3QFY24 (%)			QoQ change (bp)			3QFY24 (%)
(%)	GNPA	NNPA	PCR	GNPA	NNPA	PCR	GNPA	NNPA	PCR	Slippage Ratio
AUBANK	1.91	0.60	69.1	1.98	0.68	66.0	7	8	(314)	2.64
AXSB	1.73	0.36	79.5	1.58	0.36	77.8	(15)	-	(165)	1.75
BANDHAN	7.32	2.32	70.0	7.02	2.21	70.0	(30)	(11)	5	5.05
BoB	3.32	0.76	77.6	3.08	0.70	77.6	(24)	(6)	-	1.23
CBK	4.76	1.41	71.4	4.39	1.32	70.8	(37)	(9)	(62)	0.39
DCBB	3.36	1.28	62.8	3.43	1.22	65.1	7	(6)	232	5.19
FB	2.26	0.64	72.3	2.29	0.64	72.3	3	-	(2)	1.08
HDFCB	1.34	0.35	73.3	1.26	0.31	73.3	(8)	(4)	-	1.20
ICICIBC	2.48	0.43	83.1	2.30	0.44	81.3	(18)	1	(178)	1.59
IDFCFB	2.11	0.68	68.2	2.04	0.68	66.9	(7)	-	(130)	NA
IIB	1.93	0.57	70.6	1.92	0.57	70.6	(1)	-	2	2.35
INBK	4.97	0.60	88.5	4.47	0.53	88.7	(50)	(7)	22	1.53
KMB	1.72	0.37	79.1	1.73	0.34	80.6	1	(3)	150	2.62
PNB	6.96	1.47	80.0	6.24	0.96	85.4	(72)	(51)	540	0.90
RBK	3.12	0.78	75.6	3.12	0.80	75.1	-	2	(56)	3.99
SBIN	2.55	0.64	75.4	2.42	0.64	74.2	(13)	-	(128)	0.66
UNsBK	6.38	1.30	80.7	4.83	1.08	78.4	(155)	(22)	(232)	1.33

Exhibit 74: Snapshot of restructured book across banks (%)

INR b	Restructured book									
	Absolute	Dec'21	Mar'22	Jun'22	Sep'22	Dec'22	Mar'23	Jun'23	Sep'23	Dec'23
AXSB	16.41	0.63	0.52	0.45	0.38	0.3	0.22	0.21	0.2	0.18
BANDHAN	NA	8.22	5.2	2.35	0.2	NA	NA	NA	NA	NA
DCBB	11.59	6.81	6.42	6.1	5.45	4.94	4.51	3.97	3.4	3
HDFCB	51.287	1.4	1.14	0.76	0.53	0.42	0.31	NA	0.22	NA
ICICIBC	33.18	1.19	1	0.8	0.7	0.5	0.4	NA	0.32	0.29
IIB	15.699	3.3	2.6	2.1	1.5	1.25	0.84	0.66	0.54	0.48
KMB	4.59	0.54	0.44	0.39	0.34	0.25	0.22	0.19	0.15	0.13
FB	22	2.45	2.44	2.22	2.03	1.81	1.62	1.4	1.3	1.1
RBK	5.037	3.44	3.27	2.9	2.21	1.67	1.21	1.05	0.89	0.63
AUBANK	4.672	3.1	2.5	2.1	1.7	1.4	1.2	1	0.8	0.7
BOB	99	2.65	2.44	2.46	2.12	1.87	1.5	1.31	NA	1
SBIN	188.8	1.2	1.13	1	0.93	0.85	0.8	0.69	0.62	0.54
INBK	94.36	5.09	4.73	4.2	3.9	3.37	2.51	2.19	2.12	1.93
PNB	97.2	2.76	2.36	2	1.8	1.54	1.32	NA	NA	1.06
UNBK	140.71	3.32	2.99	2.92	2.6	2.38	2.2	2	1.71	1.57
CBK	NA	2.78	2.77	2.41	2.09	1.75	NA	NA	NA	NA

Exhibit 75: We reduce our earnings estimates for private banks but upgrade estimates for PSUs by 2.6%/2.4% for FY24/FY25

PAT (INR b)	Old estimates		Revised estimates		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Private Banks						
AXSB	241.4	302.2	241.2	277.4	-0.1	-8.2
BANDHAN	32.9	41.4	32.6	41.5	-1.0	0.4
DCBB	5.4	6.6	5.2	6.1	-3.7	-7.5
HDFCB	616.8	743.3	605.8	730.8	-1.8	-1.7
ICICIBC	400.1	456.5	406.7	460.8	1.6	0.9
IDFCFB	31.8	40.6	30.3	39.7	-4.8	-2.3
IIB	91.1	112.9	90.0	109.0	-1.2	-3.4
KMB	135.4	152.0	131.0	148.0	-3.2	-2.7
FB	37.5	45.1	37.9	44.7	1.1	-0.9
RBK	12.6	17.0	11.4	15.5	-9.7	-8.8
AUBANK	16.8	22.3	15.8	20.8	-6.0	-6.5
EQUITASB	8.1	9.7	8.1	9.5	-0.4	-1.5
Total Private Banks	**1,630.0**	**1,949.5**	**1,616.0**	**1,903.7**	**-0.9**	**-2.3**
YoY growth	**27.5%**	**19.6%**	**26.9%**	**17.8%**		
Total Private Banks (Ex HDFCB)	**1,013.2**	**1,206.1**	**1,010.2**	**1,173.0**	**-0.3**	**-2.8**
YoY growth	**21.1%**	**19.0%**	**21.4%**	**16.1%**		
PSU Banks						
BOB	170.0	203.6	177.5	206.0	4.4	1.2
CBK	143.5	173.1	145.6	171.4	1.4	-1.0
INBK	77.5	96.5	80.3	95.1	3.6	-1.4
PNB	70.3	110.8	81.2	116.1	15.5	4.8
SBIN	554.9	701.5	559.7	733.0	0.9	4.5
UNBK	139.9	168.1	141.4	167.5	1.1	-0.4
Total PSU Bank	**1,156.1**	**1,453.6**	**1,185.8**	**1,489.1**	**2.6**	**2.4**
YoY growth	**30.3%**	**25.7%**	**30.1%**	**25.6%**		
Total for Banks	**2,786.1**	**3,403.0**	**2,801.7**	**3,392.8**	**0.6**	**-0.3**
YoY growth	**28.7%**	**22.1%**	**28.2%**	**21.1%**		
Total for Banks (Ex of HDFCB)	**2,169.4**	**2,659.7**	**2,196.0**	**2,662.0**	**1.2**	**0.1**
YoY growth	**25.8%**	**22.6%**	**25.9%**	**21.2%**		
Other Financials						
SBICARD	24.3	33.2	23.8	32.1	-2.3	-3.2

FINANCIALS – NBFC: NIM compression continued; asset quality stable, except for personal loans and MFI

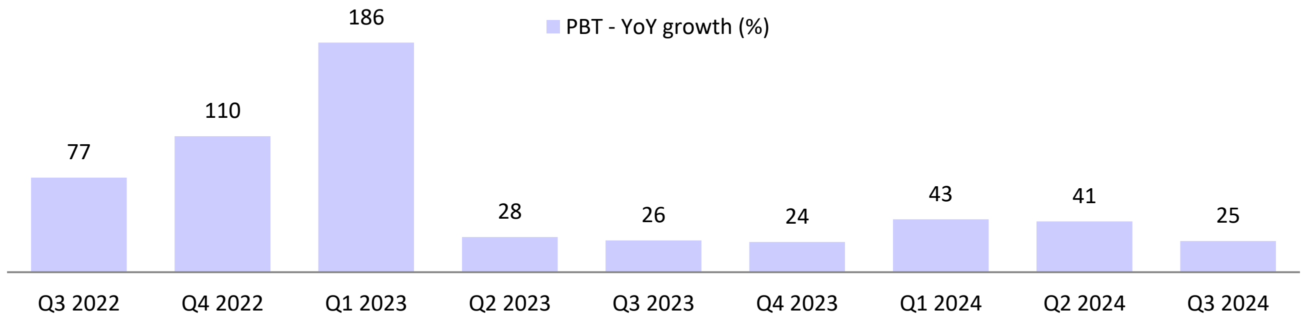
- NBFCs/HFCs under our coverage universe reported AUM growth of ~21% YoY/5% QoQ. Vehicle financiers clocked AUM growth of 27% YoY; large HFCs (PNBHF and LICHF) grew 5% YoY; affordable and small-ticket HFCs saw 16% YoY growth; NBFC-MFIs grew 34% YoY; and Gold loan NBFCs grew ~19% YoY. In 3QFY24, (ex-PIEL) NII/PPoP/PAT grew 24%/23%/26% YoY and 6%/4%/6% QoQ.
- In line with expectations, NIM for HFCs (including affordable HFCs) continued to contract due to pressure on yields and sustained increases in the portfolio's borrowing cost. For large mortgage lenders, such as PNBHF and LICHF, prime housing yields moderated as a result of pricing pressure to retain valued customers and new loan sanctions occurring at relatively lower yields.
- For the vehicle financiers, NIM was largely stable with MMFS/SHFL reporting a ~10bp QoQ expansion. RBI's RWA circular resulted in an increase in the borrowing costs for the vehicle financiers and NIM improvement expected during the quarter did not come through. Demand remained strong across UVs but continued to moderate in entry-level PVs. 2W continued to exhibit strong demand recovery. Most lenders acknowledged that the volume growth in CVs will moderate in FY25, but we have not reached the peak in the CV cycle just yet.
- Except Microfinance, asset quality remained largely stable (or a minor deterioration) and credit costs remained benign. Lenders having a presence in personal loans (including BAF, Shriram Finance) reported an impact on their capital adequacy because of the RBI risk weight circular. Lower-ticket personal loans did exhibit higher delinquencies and consequent credit costs. CANF reported a minor deterioration in GS3, primarily because of

slippages from the restructured pool. MMFS reported a sequential improvement in GS3 of ~40bp, aided by elevated write-offs and recoveries from the tractor portfolio.

- **HFCs/AHFCs – Moderation in NIM continued; competitive intensity remained high.** Demand continued to remain relatively weak in urban affordable housing in ticket sizes between INR1.5m and INR3.0m. Disbursements and loan growth in LICHF continued to remain muted, given the tech transformation and organizational changes in the company. Demand for affordable housing loans (particularly self-construction) remained strong, but even AAVAS and CANF reported weak disbursements. Competitive intensity was high, impacting yields for HFCs. All HFCs (except CANF) reported a sequential moderation in margins because of a decline in yields and rise in borrowing costs. HomeFirst continued to report healthy growth in disbursements in 3QFY24, while AAVAS is yet to regain its momentum.
- **Vehicle financiers – Expect NIM expansion from FY25 even as volume growth could moderate:** Disbursements grew 23% YoY for the cohort of three vehicle financiers. While SHFL and CIFC have a diversified AUM mix, we have classified them under vehicle financiers for this exercise. Asset quality improved for SHFL, MMFS, and CIFC. Write-offs were elevated for MMFS and CIFC, relative to their normalized run rate. MMFS and SHFL reported ~10bp QoQ NIM expansion, while CIFC reported a sequentially stable NIM because of a rise in borrowing costs.
- **Diversified financiers – Calibration in personal/unsecured loan growth; delinquencies higher from low-ticket loans:** Diversified lenders including BAF, AB Capital, LTFH, and IIFL Finance calibrated their growth in personal loans (including BNPL). They acknowledged the stress in small-ticket personal loans and the consequent risk aversion to this product segment. CIFC has taken corrective actions in its personal loans segment and has reported improvement in asset quality for loans originated through digital partnerships. LTFH has transformed into a retail franchise by actively running down its wholesale book.
- **Gold financiers – Gold loan growth was muted, but expected to recover in 4Q; NIM either expanded or remained stable:** MUTH reported a ~2.5% QoQ growth in gold loans, while gold loans were sequentially flat for MGFL. MGFL delivered a sequential improvement in NIM, despite a rise in borrowing costs, while MUTH reported stable NIM. All non-gold product segments exhibited strong growth in both MGFL and MUTH. 4Q is typically the strongest quarter and both the companies guided for stronger gold loan growth in the next quarter.
- **Micro Financiers (MFIs) – Asset quality deterioration from floods in TN and dip in collections from Punjab:** While Fusion reported a ~40bp QoQ expansion in NIM, Spandana reported a ~1pp compression. Disbursement growth was healthy for Fusion, while Spandana/CREDAG cited organizational/technology implementation, which impacted the disbursements in the quarter. All three NBFC-MFIs reported asset quality deterioration and higher-than-expected credit costs during the quarter.
- **Our view:** Inflation data seems to suggest that interest rate cuts will not happen globally in the near term. We have a **positive** stance on the sector, driven by expectations of margin expansion for Vehicle Financiers in FY25 and benign credit costs. Vehicle financiers are in a stronger position compared to other product segments, as margins have reached their lowest point. We anticipate margins to gradually improve as the existing loan portfolio is replaced with higher-yielding new loans. Furthermore, asset quality is expected to improve further in 4QFY24, resulting in low credit costs. Our preferred choices are PNBHF, CIFC, and IIFL Finance.
- **Positive surprises:** LICHF
- **Misses:** PNBHF, Aavas, and Fusion
- **Rating changes:** None

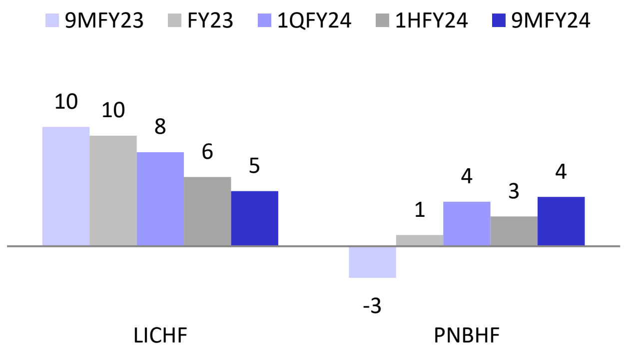
Guidance highlights: a) Vehicle Financiers have selectively started guiding for moderation in volumes in FY25; b) MUTH continues to guide for ~15-20% YoY growth in gold loans and spreads of ~9-10% in FY25, while MGFL guides for stronger loan growth in the non-gold segments; c) BAF guided for increase in credit costs to ~175-185bp (vs. 160-170bp earlier), and d) PNBHF cut its FY24 retail loan growth guidance to ~14-15% (vs. 16-17% earlier)

Exhibit 76: PBT up 25% YoY for our NBFC coverage universe*



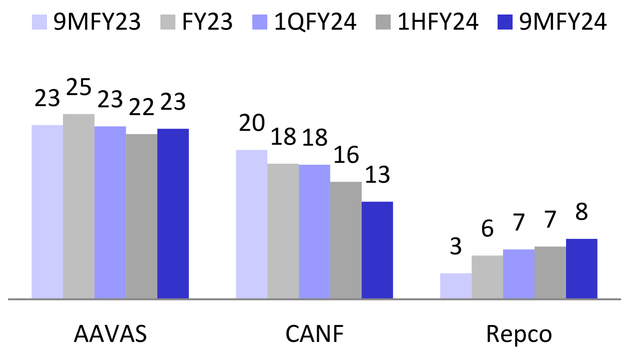
Source: MOFSL, Company, *MOFSL universe excl. PIEL and Indostar

Exhibit 77: LICHF loan growth has lagged the industry, while PNBHF retail loan growth has been gaining momentum



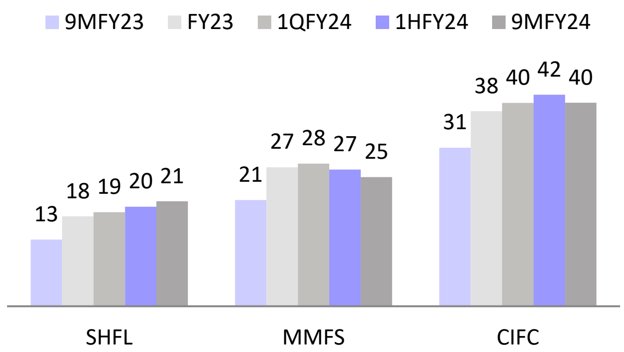
Source: MOFSL, Company;
Note: YoY AUM growth for large HFCs

Exhibit 78: Repco loan growth has been picking up; for CANF, loan growth has been moderating



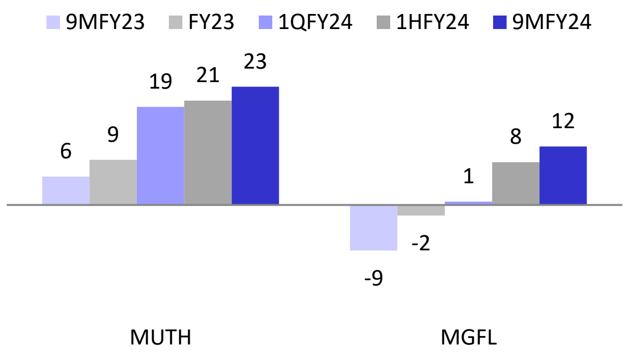
Source: MOFSL, Company;
Note: YoY AUM growth for affordable housing financiers

Exhibit 79: CIFC is best placed among vehicle financiers to exhibit strong growth in the subsequent quarters



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

Exhibit 80: Gold loan growth was muted QoQ, despite optically appearing strong YoY



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

Exhibit 81: PAT grew 26% YoY for our NBFC coverage universe*

INR m	NII			PPOP			PAT			NIM		
	3QFY24	YoY (%)	QoQ (%)	3QFY24	YoY (%)	QoQ (%)	3QFY24	YoY (%)	QoQ (%)	3QFY24	YoY (bp)	QoQ (bp)
AAVAS	2,208	6.1	-0.7	1,577	11.5	-3.3	1,166	8.7	-4.2	7.0	-1.1	-0.4
ABCAP (NBFC)	16,488	38.0	8.5	11,168	33.3	3.1	5,720	40.5	4.4	6.9	-0.1	0.1
ABCAP (HFC)	2,090	18.1	2.0	962	-7.9	-1.8	780	27.9	4.0	4.6	-0.7	-0.3
BAF	76,553	29.3	6.4	61,422	26.6	5.3	36,390	22.4	2.5	12.4	-0.9	-0.3
CANF	3,288	30.6	3.8	2,865	34.6	6.0	2,001	32.1	26.6	3.9	0.5	0.1
CIFC	21,709	35.8	7.7	15,157	40.4	6.7	8,762	28.0	14.9	6.7	-0.3	-0.0
HomeFirst	1,344	21.4	1.7	1,097	34.5	5.1	788	34.5	6.1	6.2	-0.6	-0.4
IIFL Finance	15,745	44.7	10.5	9,593	24.9	2.5	4,904	29.7	3.4	8.4	0.7	0.3
LTHF	21,805	12.9	15.4	13,382	7.2	3.1	6,394	25.9	7.6	10.9	2.2	1.3
LICHF	20,972	30.6	-0.4	18,845	39.0	-0.8	11,629	142.1	-2.1	3.0	0.6	-0.0
MMFSL	16,983	9.4	7.0	10,625	6.4	12.7	5,528	-12.1	135.0	7.1	-1.1	0.1
MASFIN	1,065	17.5	3.5	1,102	34.8	6.4	624	23.5	4.0	6.9	0.2	-0.0
MGFL	14,524	33.0	7.2	9,361	58.1	8.0	5,753	46.2	2.6	15.3	0.6	0.3
Muthoot	19,057	11.8	2.5	13,942	10.4	3.9	10,273	13.9	3.7	11.2	-1.0	-0.0
PIEL	8,129	-22.4	11.6	7,314	-58.3	48.9	-23,776	N/A	N.A	8.0	2.0	-1.0
PNBHF	5,929	-17.3	-8.2	4,994	-25.9	-9.5	3,384	25.8	-11.6	3.5	-1.2	-0.5
PFL	4,907	62.9	3.4	3,502	124.8	4.4	2,651	76.3	15.3	10.5	0.9	-0.3
REPCO	1,779	18.7	0.8	1,370	24.5	2.4	994	23.1	1.4	5.3	0.5	-0.1
SHFL	49,110	17.1	6.9	36,893	11.7	6.0	18,183	2.3	3.9	9.4	-0.2	0.1
CREDAG	4,415	40.5	4.2	6,018	59.0	7.0	3,533	63.7	1.8	13.1	1.2	-
FUSION	3,386	34.2	10.7	2,603	41.6	7.6	1,265	23.4	0.6	11.5	1.2	0.4
SPANDANA	3,161	45.7	0.1	2,405	71.0	-6.6	1,274	78.5	1.8	13.8	-0.8	-1.0
Total (ex Piramal)	**3,06,518**	**24.2**	**6.2**	**2,28,883**	**23.3**	**4.4**	**1,31,997**	**26.3**	**6.0**			

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

Exhibit 82: Advances/AUM growth

INR b	Advances/AUM		
	3QFY24	YoY (%)	QoQ (%)
AAVAS	161	22.9	5.0
ABCAP (NBFC)	986	35.1	5.4
ABCAP (HFC)	165	27.3	7.1
BAF	3,110	34.7	7.1
CANF	341	13.1	2.1
CIFC	1,338	40.1	7.7
HomeFirst	90	33.5	7.7
IIFL Finance	774	33.7	6.0
LTHF	818	-7.5	3.9
LICHF	2,812	4.8	1.2
MMFSL	970	25.5	3.5
MASFIN	97	27.2	6.9
MGFL	404	26.7	3.7
Muthoot	712	23.3	3.2
PIEL	708	9.2	5.8
PNBHF	685	4.3	1.7
PFL	219	57.6	8.6
REPCO	132	8.1	2.0
SHFL	2,142	20.7	5.7
CREDAG	234	31.5	4.0
FUSION	107	23.6	6.7
SPANDANA	104	51.8	6.3
Total	**17,110**	**20.6**	**4.7**

Source: MOFSL, Company

Exhibit 83: Asset quality snapshot

	2QFY24			3QFY24			Change (bp)		
Asset Quality (%)	GNPA	NNPA	PCR	GNPA	NNPA	PCR	GNPA	NNPA	PCR
AAVAS	1.0	0.8	27.5	1.1	0.8	27.5	5	4	3
ABCAP (NBFC)	2.6	1.4	48.3	2.6	1.3	50.0	-5	-7	170
ABCAP (HFC)	2.6	NA	NA	2.2	NA	NA	-45	NA	NA
BAF	0.9	0.3	66.0	1.0	0.4	61.7	4	6	-435
CANF	0.8	0.4	44.1	0.9	0.5	45.8	15	6	171
CIFC	3.0	1.6	47.3	2.8	1.6	45.1	-14	-2	-219
HomeFirst	1.7	1.2	30.3	1.7	1.2	29.9	-4	-2	-42
IIFL Finance	1.8	1.0	44.5	1.7	0.9	49.6	-10	-14	510
LTFH	3.3	0.8	75.7	3.2	0.8	75.3	-6	-1	-33
LICHF	4.3	2.6	41.2	4.3	2.2	48.6	-7	-36	739
MMFSL	4.3	1.7	61.2	4.0	1.5	62.7	-32	-19	154
MASFIN	2.2	1.3	41.1	2.3	1.4	41.4	10	5	30
MGFL	1.6	1.4	NA	2.0	1.8	NA	39	35	NA
Muthoot	4.0	NA	NA	3.6	NA	NA	-39	NA	NA
PIEL	2.3	1.3	46.6	2.2	1.0	54.7	-17	-28	814
PNBHF	1.8	1.2	34.0	1.7	1.1	34.4	-5	-4	41
PFL	1.4	0.7	47.4	1.3	0.7	47.3	-3	-2	-10
REPCO	4.9	2.2	57.4	4.7	1.9	60.1	-24	-24	271
SFL	5.8	2.8	53.1	5.7	2.7	53.4	-13	-8	28
CREDAG	0.8	0.2	69.3	1.0	0.3	70.4	20	5	110
FUSION	2.7	0.7	76.4	3.0	0.8	75.2	36	13	-122
SPANDANA	1.4	0.4	70.1	1.6	0.5	70.3	20	6	24

Source: MOFSL, Company

FINANCIALS – NON-LENDING: Volume growth strong for the capital market players; loss ratios elevated for the general insurance players; while VNB margins subdued for the life insurance players

- **Growth in F&O and cash volumes:** The broking segment delivered a strong performance yet again in terms of demat account additions (9.6m vs. 9.2m in 2QFY24), NSE active clients (36m vs. 33m in 2QFY24), and volumes across cash (INR364b retail ADTO, +10% QoQ) and derivatives (INR132t, +18% QoQ).This translated into a strong revenue traction for Angel One (+49% YoY). However, operating margins were under pressure due to investments in customer acquisitions (the highest ever gross client addition), and investments in new tools on the Super App.
- **SGF contribution takes away the sheen from strong volume performance for exchanges:** Both BSE and MCX continued to witness strong momentum in options volumes. BSE found success from incremental broker signups and a shift of Bankex expiry from Friday to Monday. MCX reaped benefits from the successful migration to its new Commodity Derivatives Platform (CDP). However, given the meteoric rise in volumes, Settlement Guarantee Fund (SGF) contribution for both entities was on the higher side, casting a shadow on their performance. For BSE, high levels of clearing & settlement costs also restricted PAT growth.
- **VNB margins muted for life insurers except LIC:** APE growth for life insurance companies was higher than our estimates in 3QFY24, with SBILIFE/MAXFIN reporting strong growth of 13%/19%. HDFCLIFE reported a decline of 2%, while IPRU posted muted growth of 4%. VNB margin was flat for HDFCLIFE but declined YoY for the other private sector players. The weakness was owing to the adverse product mix (lower no-par share and higher ULIP share) and due to the pressure on non-par margins. LIC, on the other hand, reported significant improvement aided by favorable product mix (shift towards non-par).
- **Profitability improved in the motor segment:** General insurance players have seen a decent growth in premiums underpinned by the strength in auto sales, sustained high demand for health insurance, and commercial lines growing in line with economic growth. With elevated severity in Health Insurance claims during Oct'23, loss ratio in the segment remained high. However, profitability in the motor segment improved considerably. ICICIGI/STARHEAL registered a YoY NEP growth of 14%/15% whereas PAT grew by 22%/38% YoY.
- **Strong performance by asset management firms:** AUM of the MF Industry stood at INR51t as of 3QFY24, up 25% YoY/7% QoQ. Equity AUM grew 11.4% QoQ, while non-equity AUM rose 2% QoQ. Inflows stood at INR655b

vs. INR302b in 2QFY24. SIP flows continued to gain traction, with INR516b flows in 3QFY24 vs. INR475b in 2QFY24. For CAMS, the profitability was supported by a YoY increase in the share of non-MF business and an improving mix of equity AUM in the total MF AUM. For 360ONE, profitability came in line with expectations as revenue from ARR assets improved sequentially. Investments in the mid-market channel, expansion into new geographies, and the setup of the global platform will keep costs elevated for FY24.

Valuation and view: Sustained strong trajectories in F&O and cash volumes have been translated into strong performances by the capital market-related players such as brokers and exchanges. These trends have further strengthened in Jan'24, with customer acquisition and turnover scaling new highs. Further, the primary market activity has gained momentum in the recent past. Angel One, with its strategy to diversify its revenue base over the longer term, is well poised to leverage on the emerging trends. BSE should see a strong business momentum with its rising share in derivatives volumes and the price hikes implemented for Sensex. With the software migration complete, the focus for MCX is towards new product launches, which shall boost its revenue and profitability. General insurers will continue to witness strong premium growth and improvements in profitability, led by the normalization of loss ratios and scale benefits. Life insurers have headwinds in the near term with: 1) a high base of 4QFY23, and 2) expected regulations on surrender charges. SBILIFE is better placed to report a relatively better performance. **Our top picks include ANGELONE, STARHEAL and SBILIFE.**

- **Surprises:** STARHEAL, LIC
- **Misses:** BSE, ANGELONE, MCX, ICICIGI

Guidance highlights:

- **360ONE:** 360ONE expects CIR to claw back to 47-47.5% by end of FY25 and to 45% by FY26 from 49% currently. The proposition for the HNI segment (INR50-250m networth) is on track to go live in the near term.
- **ANGELONE**: It is investing in scaling up the assisted business and building an ecosystem to offer a full product suite. This shall be achieved by deepening the channel partner network with multiple products and expanding geographical reach. It is awaiting final nod from SEBI for its MF license and has already hired best in class resources.
- **BSE**: It is developing a co-location facility - a strategic investment in the short term that will benefit in the long term. 2024 will be a transformational year as BSE is committed to growing in new areas such as the expansion of data centers, the new MF platform, improving clearing & settlement services, and enhancing index & data services
- **CAMS:** It plans to spend ~INR50-60m on building platforms in the non-MF segment, including the new AIF product. On the MF side, the company targets to spend more on scaling up cybersecurity and expects an increase in manpower costs and other data-related expenses. The management expects margins in the non-MF segment to increase to ~25% from ~10% currently in the next few quarters.
- **MCX:** MCX will be launching options on mini NG and crude oil in the near future. Other new products, which MCX intends to launch are – gold monthly, electricity futures, index options, and coal spot exchange contracts.
- **ICICIGI:** A new philosophy is being implemented, 'One IL one team', which would benefit revenue and profitability over the medium term. Some semblance has been seen with respect to competition in the motor segment, which is reflected in loss ratio declining from 93% to 87% on YoY basis for the industry. ICICIGI expects motor OD loss ratios to be in 60-65% range, while for Motor TP segment, 65-70% is the comfortable zone.
- **STARHEAL:** Price hikes on renewal policies and selective underwriting in the group health segment are expected to result in the improved claims ratio. STARHEAL has slowed down on the inward portability of customers through the agency channel and continues to focus on quality customers.
- **HDFCLIFE:** It remains optimistic about its growth prospects, driven by 1) sustained growth in less than INR0.5m ticket size, 2) full-year push from higher counter-share at HDFC Bank developments, 3) expansion of new

relationships with corporate agents and banca partners, and 4) expected benefits for the agency channel through new branches.

- **IPRU:** On the base of 4QFY23 (INR33b APE with 26% YoY growth), IPRU expects double-digit growth in 4QFY24. Management is aiming for mid-teen growth in APE for FY25. On the product front, ICICI Pru Guaranteed Pension Plan Flexi with Benefit Enhancer was introduced. This is the industry's first annuity product, which provides customers the option to receive a 100% refund of premiums paid.
- **LIC:** LIC's recent product launches are highly competitive and are gaining strong traction. Going ahead, LIC will focus more on alternate channels, considering its current share of less than 1%. With a favorable product mix, LIC believes that the current VNB margin is sustainable.
- **MAXFIN:** With a focus on increasing the share of protection, MAXLIFE has launched Smart Total Elite Protection (STEP) exclusively for the affluent segment, which has an option to get back all premiums at no cost. With IRDAI approval for a capital infusion by Axis Bank into MAXLIFE, the capital will be utilized for future growth purpose.
- **SBILIFE:** It expects higher growth in individual protection in the coming quarters, driven by the two new product launches that start with a relatively higher Sum Assured – 'SBI Life - Saral Swadhan Supreme' and 'SBI Life - Smart Swadhan Supreme'. These products are competitive in pricing but are still margin accretive. In addition, the company would focus on growing the non-par savings segment.

Exhibit 84: Quarterly performance

INR m	Revenue			EBITDA			PAT		
Broking/Wealth	**3QFY24**	**YoY (%)**	**QoQ (%)**	**3QFY24**	**YoY (%)**	**QoQ (%)**	**3QFY24**	**YoY (%)**	**QoQ (%)**
ANGELONE	6,875	49	2	3,641	17	-13	2,604	14	-14
ISEC	13,232	50	6	6,239	65	10	4,657	66	10
Exchanges									
MCX	1,915	33	16	-197	N.A	N.A	-54	N.A	N.A
BSE	3,717	82	18	937	45	-34%	1,065	124	-10
AMCs									
CAMS	2,897	19	5	1,294	20	6	885	20	6
IIFLWAM	4,400	6	3	2,090	-9	-2	1,931	13	4
General Insurance	**Gross Premium**			**Underwriting Profit/(Loss)**			**PAT**		
	3QFY24	**YoY (%)**	**QoQ (%)**	**3QFY24**	**YoY (%)**	**QoQ (%)**	**3QFY24**	**YoY (%)**	**QoQ (%)**
ICICIGI	64,366	15	3	-2,823	N.A	N.A	4,315	22	-25
STARHEAL	36,058	16	-3	1,142	-9	N.A	2,896	38	131
Life Insurance	**APE**			**VNB**			**PAT**		
	3QFY24	**YoY (%)**	**QoQ (%)**	**3QFY24**	**YoY (%)**	**QoQ (%)**	**3QFY24**	**YoY (%)**	**QoQ (%)**
HDFCLIFE	31,910	-2	5	8,560	-2	7	3,651	16	-3
IPRU	19,070	5	-8	4,360	-29	-24	2,275	3	-7
SBILIFE	61,300	13	18	16,800	11	13	3,218	6	-15
MAXFIN	17,950	19	9	4,890	-17.5	18	1,510	-35	-4
LIC	1,31,630	7	10	26,340	46	43	94,444	49	19

Source: MOFSL, Company

HEALTHCARE: Robust show in core markets of US/India; lower raw material costs boost margins

- Our coverage companies (excluding hospitals) reported in-line sales/EBITDA/PAT in 3QFY24. The profitability was driven by a) reduced intensity of price erosion in US generics, b) lower raw material costs, and c) a gradual downtrend in freight costs.
- On an aggregate basis, sales/EBITDA/PAT grew 9.8%/12.3%/15.5% YoY. Gross profit grew 16.2% YoY and margins expanded 360bp YoY.
- Among hospitals, APHS/MAXHEALTH/MEDANTA were largely in line with our estimates. On an aggregate basis, sales/EBITDA came in 2%/3% above our estimates, while PAT was in line. The performance was driven by better-than-expected improvements in operational parameters such as ARPOB. Total patient volumes increased 7% YoY. Sales/EBITDA/PAT grew 11%/17%/24% YoY on an aggregate basis for 3QFY24.
- Out of 20 companies, seven reported a better-than-expected performance. Specifically, LPC/ALKEM/CIPLA/ ALPM/DRRD beat our earnings estimates by 43%/42%/23%/23%/14% for the quarter. Five out of 21 companies

delivered a miss on estimates. BIOS/GNP reported a loss after tax, while LAURUS/PIRPHARM/DIVI missed our estimates by 84%/57%/15% for the quarter.

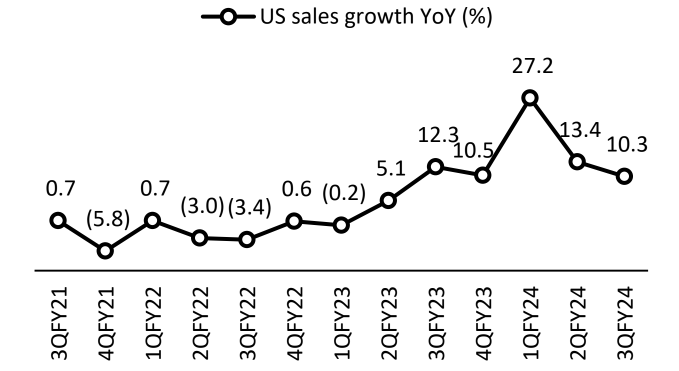
- **US sales** witnessed a strong performance, up 10.3% YoY (in cc terms) at USD2.3b on an aggregate basis for the companies under coverage. Increased niche launches, better traction in existing products, and lower price erosion in the base portfolio resulted in healthy YoY growth in US generics for the quarter.
- Among our coverage companies, ARBP delivered the highest YoY growth of 23% in US sales, led by robust demand for key products. Moreover, LPC delivered 20% YoY growth in US sales, led by niche launches such as g-Spiriva and improved traction in legacy products, such as Suprep and Lisinopril. CIPLA's US segment delivered 18% YoY growth, led by increased sales of g-Revlimid and market share gains of Lanreotide, Albuterol, Esomeprazole and other key products. SUNP continued to witness robust execution in the specialty portfolio, leading to 13% YoY growth in US sales. However, TRP witnessed an 8% YoY decline in US sales due to the lack of approvals and marginal price erosion in the base business.
- On an overall basis, our coverage companies received approvals for 16 ANDAs in 3QFY24. However, the pace of ANDA filings has been declining at the aggregate level amid more efforts toward select limited-competition products.
- On an aggregate basis, **domestic formulation (DF)** exhibited YoY growth of 11% in 3QFY24, higher than the growth seen in the previous five quarters. Volume growth was healthy, along with new launches. Among therapies, Urology/Anti-Infectives/Gastro/Cardiac delivered 12%/9.5%/9.3%/8.8% YoY growth, outperforming IPM (8.3% YoY growth). However, Respiratory/Anti-Diabetic/Derma/Ophthal (5.1%/5.5%/3.3%/0.6% YoY growth) underperformed IPM. Among our coverage companies, ZYDUSLIF delivered the highest YoY growth of 16%, while ERIS//LPC delivered 15%/13%. Moreover, TRP/AJP/ALKEM each delivered 12% YoY growth.
- Among our coverage companies that have reported earnings so far, 12 companies have seen earnings upgrades, while three have seen earnings downgrades. The maximum upgrades in FY24/FY25 earnings were seen in LPC (18%/16%), IPCA (4%/10%), MEDANTA (4%/10%), ZYDUSLIF (6%/7%), ALKEM (10%/5%), DRRD (7%/5%) and SUNP (1%/4%). Conversely, BIOS (70%/35%), DIVI (7%/5%), and TRP (12%/1%) witnessed maximum downgrades in earnings estimates.
- **Top picks: CIPLA, MEDANTA, MAXHEALTH**
- **Surprises:** LPC, ALKEM, CIPLA, ALPM, GLXO, DRRD, ZYDUSLIF
- **Misses:** LAURUS, PIRPHARM, DIVI, BIOS, GNP

Guidance highlights

- **SUNP** guided that China will be an important market for Illumya going forward. The company expects that the phase II clinical trial for GL0034 is expected to start in 2HCY24 and that topline data for psoriatic arthritis for Illumya is expected in 2HCY25.
- **DRRD** expects the India segment to reach double-digit growth in coming quarters. It expects to launch 26 products in the US over the next two years and aims to launch biosimilar in the US/EU in CY27.
- **DIVI's** CS segment boosted overall growth in 3QFY24 due to certain business from two major contracts from an innovator customer. DIVI has a capacity that can be allocated for GLP1 products after qualification by customers.
- **CIPLA** has guided for 24% EBITDA margin in FY24. CIPLA plans to file 4 peptide assets in FY25, while gAbraxane will be filed from the Goa facility and g-Advair from an alternate site in FY25.
- **BIOS**: The INR3.8b impairment in 3Q was related to Rh-Insulin. BIOS received its first generic product approval in China. It has secured new contracts in the US for b-Pegfilgrastim, b-Trastuzumab, and b-Adalimumab.
- **LPC** guided for ~40% market share in g-Spiriva in FY25. LPC does not anticipate competition in Spiriva over the next two years. It intends to achieve a high single to low double-digit YoY sales growth in US generics in FY25.
- **ZYDUSLIF** expects a slower build-up for Sitagliptin (Zituvio) in the US market. In the DF segment, it plans to add 700 MRs to expand its portfolio and enhance its market reach. The integration of Liqmeds remains on track.
- **APHS** guided for GMV to grow 75% YoY to INR28b in FY24. It expects 60-70% YoY growth in GMV in FY25. APHS remains confident of achieving 14%/15% YoY growth in healthcare services revenue over FY24/FY25.
- **LAURUS** expects improvements across the segments in 4QFY24 due to several planned launches in the formulation segment (FDF), validation batches under animal health contract, and scheduled CMO delivery.

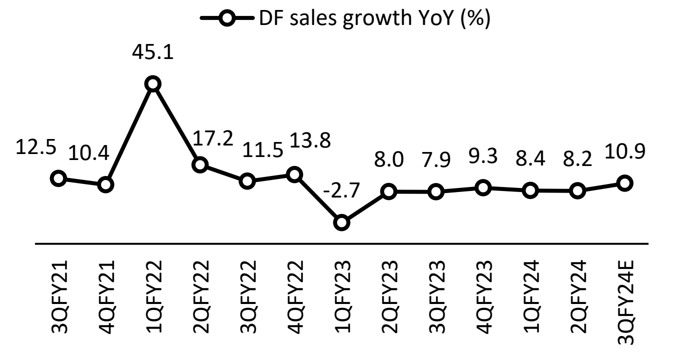
- **GLAND** launched nine molecules in the US market. Further, additional market share in Enoxaparin and an element of profit share/milestone also led to better sales in the US market for the quarter.
- **TRP** expects to sustain EBITDA margin of 31.8% in the base business going forward. TRP expects ~7-8 launches in the US in 1QFY25. Further, it plans to sign at least 1 in-licensing opportunity in the DF market.
- **IPCA** guided for 13-14% YoY growth in DF for FY24. Additionally, it guided for 10-12% YoY growth in API/generics segments for FY24. It expects EBITDA margin to improve 200bp in FY25. It expects sales of INR20b and 15% margin in Unichem business by FY26.
- **MAXHEALTH** has planned to add ~300 beds by the end of FY24 and 819 beds in FY25. It continues to evaluate inorganic opportunities and something can be expected over the near term.
- **MEDANTA** is focusing on growing its capacity to ~3,500-4,000 beds by the end of FY25. It expects to increase bed capacity in Patna to 450 from 358 currently.

Exhibit 85: US sales grew 10.3% YoY in 3QFY24 (CC terms)



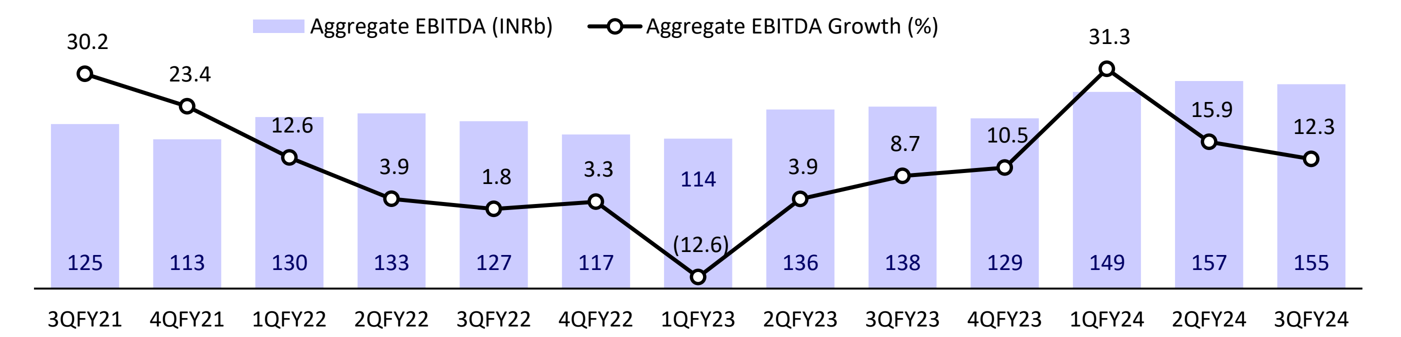
Ex-APHS/MAXHEALT/MEDANTA Source: MOFSL, Company

Exhibit 86: DF sales grew 10.9% YoY in 3QFY24



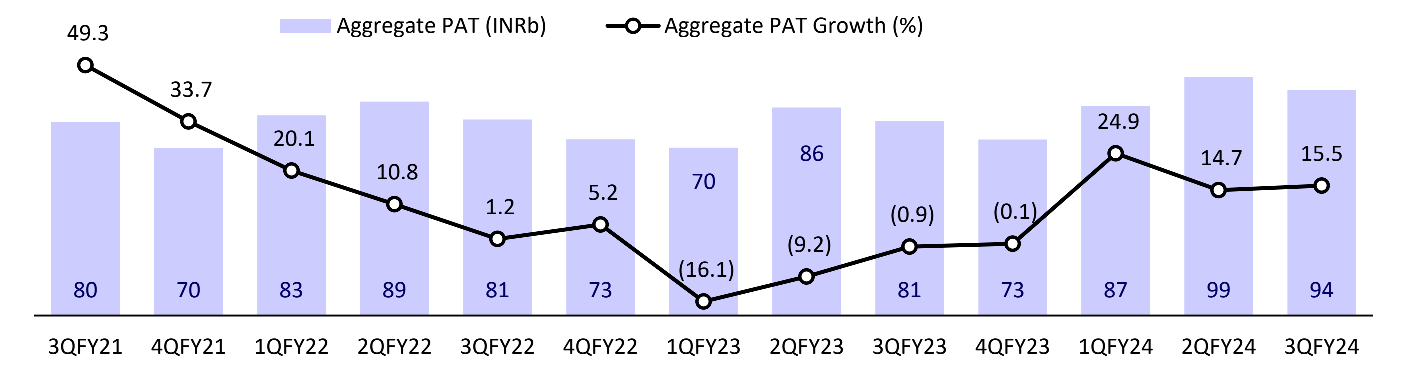
Ex-APHS/MAXHEALT/MEDANTA Source: MOFSL, Company

Exhibit 87: Aggregate EBITDA up 12.3% YoY to INR155b in 3QFY24 for pharma universe



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

Exhibit 88: Aggregate PAT up 15.5% YoY in 3QFY24 for pharma companies under coverage



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

Infrastructure: A delay in the Appointed Date hurts execution; order inflows muted

- **Execution remains subdued due to a delay in the commencement of new projects:** Infrastructure companies within our coverage universe (excluding IRB) reported flattish revenue growth in 3Q FY24, primarily because of delays in land acquisition and subsequent delays in Appointed Date (AD) for several projects. KNR's revenue grew 9% YoY, primarily driven by the Road HAM projects, while execution on irrigation projects remained muted. GRIL reported a 5% YoY decline in execution as it has yet to receive the AD for some of the projects. Management has guided for flattish growth to a revenue decline in FY24 and FY25. Execution is likely to improve in 4QFY24 across our coverage companies.
- **Awarding activity continues to remain muted; pipeline robust**: Awarding activity by NHAI has been muted so far, with just ~1,120kms of awarding in FY24YTD (Apr'23-Feb'24) vs. a target of ~5,000kms of awarding in FY24. While there is a huge tender pipeline, order inflows could kick in materially only post-general elections in FY25. In line with the slow awarding activity and aggressive competition, especially in projects below INR10b, GRIL has cut its order inflow guidance further to INR40-50b for FY24 from the earlier guidance of INR100b.
- **Elevated input costs keep margins under check:** Companies within our coverage reported a 210bp YoY drop in EBITDA margin due to lower execution and elevated input costs in 3Q FY24. Though steel and aluminum prices have corrected ~27% and 34%, respectively, from their highs in Apr'22, the prices continue to remain at elevated levels. Besides, cement prices have increased ~5% from their lows in Jul'22, mainly due to input cost pressures. Most of the contractors, however, are expecting some improvement in margins in 4QFY24 once execution picks up.
- **Companies focus on asset monetization:** NHAI has achieved its highest ever concession value of INR 156b through 'InvIT Round-3' by monetizing 10 stretches totaling ~890kms in FY24. NHAI is using three modes for monetization: TOT, InvIT, and Securitization. In FY24, NHAI has awarded four TOT Bundles with a monetized value of ~INR 156b. The success rate in TOT mode during FY24 was 100%. Further, NHAI plans to monetize ~1,700kms of highways through ToT/ InvIT/toll securitization modes in 4Q FY24. In line with this, a majority of the companies in the sector are focusing on freeing up capital and bidding for additional projects by selling assets through various avenues. In addition, some companies are in discussions with potential buyers about selling stakes in BOT assets.
- **Top picks:** Awarding activities by NHAI and execution have been muted and are expected to improve in FY25 after the general election. Companies with decent order backlogs, a solid financial position, and involvement in multiple segments are well positioned to benefit in the near to medium term. Our preferred choice in the space is KNR.

Exhibit 89: Revenue flattish YoY for our coverage universe

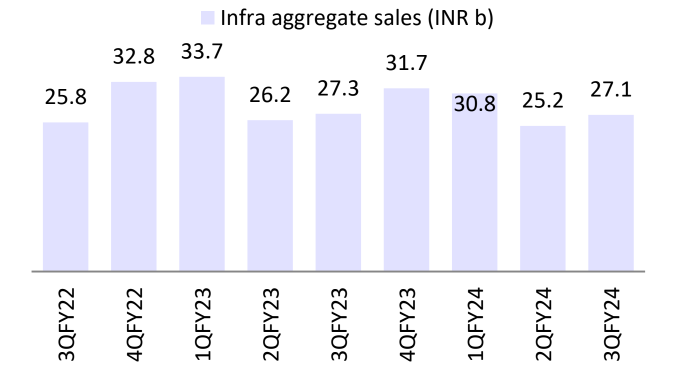


Exhibit 90: Gross margin contracts on YoY and QoQ basis

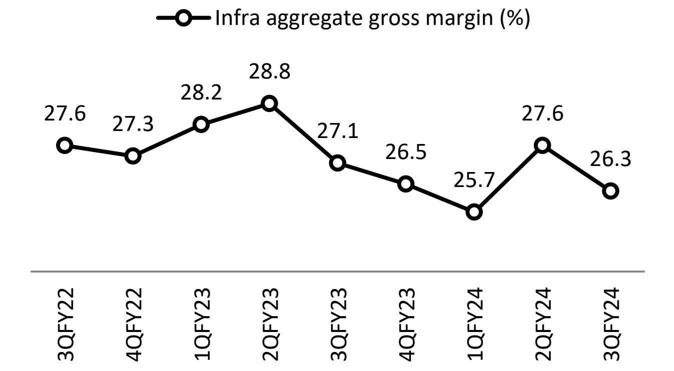


Exhibit 91: EBITDA margin contracts 210bp YoY

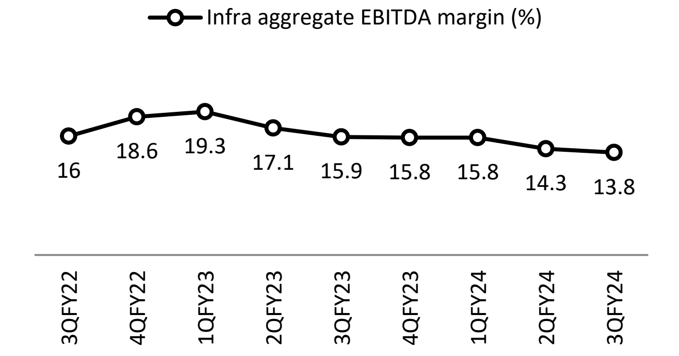
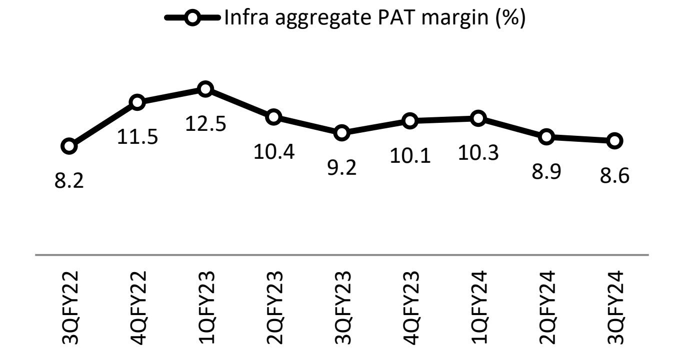


Exhibit 92: Lower execution and operating performance hurt PAT margin



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

Logistics: Volume remains muted due to the long holiday season and subdued festive demand; network expansion and technology adoption in focus for most of the companies

- **Logistics activity continues to remain muted in 3QFY24:** Logistics companies within our coverage universe, excluding APSEZ, reported ~6% revenue growth on a YoY basis. While Oct'23 was extremely robust, Nov and Dec'23 reported a slow activity, particularly in the consumer and engineering sectors. This resulted in a muted performance for 3QFY24. Volumes handled in 3QFY24 were also hit by the long holiday season. Capacity utilization remained flattish sequentially. APSEZ recorded ~44% YoY growth in cargo volumes to reach 108.6 MMT. APSEZ's market share in India stood at ~26% in Dec'23.
- **Margins deteriorate YoY as volumes remain muted while fuel charges remain elevated:** Gross margin for our coverage universe, barring APSEZ, stood at 29.4% in 3Q FY24 (flat YoY/down 130bp QoQ). Muted volume growth, elevated fuel prices, and high toll charges continued to pressurize margins for fleet operators. EBITDA margin for our coverage universe, excluding APSEZ, contracted 30bp YoY and 80bps QoQ to 13.3%. APSEZ's margins stood at 60.5% in 3Q FY24 (down 240bp YoY, up 210bp QoQ). With volume ramp-up at recently acquired ports, volumes are expected to be strong ahead for APSEZ. While a prolonged issue in the Red Sea may disrupt the overall supply chain and lead to container shortages, the impact on overall volumes is expected to be marginal.
- **Network expansion and fleet addition to boost volumes for the organized players:** The introduction of GST, e-way bills, and the reduction of the turnover limit for e-invoicing have encouraged businesses to collaborate with organized logistics providers. Express companies are actively expanding their infrastructure. Through digitalization in operations and fleet expansion with the addition of trucks, new aircraft, and ships, organized players are poised to capture higher volumes in the short to medium term.
- **Top picks**: APSEZ is our preferred choice in this space.

Guidance

- **APSEZ:** On a YTD basis (Apr-Dec'23), APSEZ has handled 311 MMT (+23% YoY) of cargo vis-à-vis its FY24 guidance of 400 MMT. The company is targeting 500 MMT of cargo volumes by the end of CY25, and the company is on track to achieve this goal. Management has guided for 400 MMT of cargo in FY24. Revenue and EBITDA are forecasted to be ~INR250b and ~INR150b, respectively, in FY24. Capex for FY24 is projected to be ~INR74b, keeping the net debt-to-EBITDA ratio at 2.5x.
- **VRLL:** Volumes in 3Q and 9MFY24 were hit by uneven rainfall patterns across India and a general slowdown in the economy, especially in the textile and agro-commodities, which form the major product segments for the company. Tonnage growth was primarily driven by the expansion of the branch network and a transition of volumes to organized players. VRL expects the tonnage growth rate for 4QFY24 and FY24 to be ~8-10% and 15%+ in FY25, respectively. Revenue growth is likely to be stronger in FY25 with higher tonnage growth and higher freight rates.

- **TRPC:** The past few months witnessed a slowdown, particularly in the consumer and engineering sectors, resulting in a flattish performance for 3Q FY24. Management has reduced its revenue/PAT growth guidance to 5-10% in FY24 from 10-15% earlier. Management expects a capex of INR2.5b in FY24 and INR2-3b annually in the next 2-3 years. Management expects a 10-15% growth rate for revenue and PAT in FY25, which is likely to continue for the next 3-4 years.
- **BDE:** The festive-led demand was spread between 2QFY24 and 3QFY24. The two aircraft would operate in the existing network where BDE operates currently. Additionally, BDE would add Guwahati to its network using these new aircraft. Standalone EBITDA margin is expected to be in the low double-digit range, with a potential 5-6% growth in realization.
- **CCRI:** The DFC connecting Dadri to Mundra became operational in May'23. CCRI is running timetable trains on this route, and this development saw a significant shift in the portion of its business from road to rail. The company maintained its FY24 guidance. It expects 15% volume growth in the domestic segment and 10% in the EXIM segment. The DFC connection to JNPT is expected to increase the rail coefficient to 25-30% in the next two years from the current 18-19% level.
- **MAHLOG:** For MLL Express Business (Rivigo), EBITDA breakeven is now expected by 1HFY25, and PAT breakeven is anticipated by the end of FY25, due to integration issues. B2B Express (Rivigo) is focusing on a business turnaround, after having successfully completed the integration and adding 23 new accounts. Fleet utilization is currently operating at sub-optimal levels.
- **TCIE:** Volume in 3QFY24 stood at 0.25m tonnes (down 1% YoY). Apart from the pharma and engineering sectors, all other sectors experienced a slowdown in 3QFY24. For FY24, TCIE aims to achieve a volume growth of 3-4% without any hike in realization. Further, a low single-digit revenue growth is likely in 4QFY24, with an outlook for double-digit revenue growth in FY25. Management has indicated to grow at 2x of GDP in the long run.

Exhibit 93: Sales improved YoY for our Coverage Universe

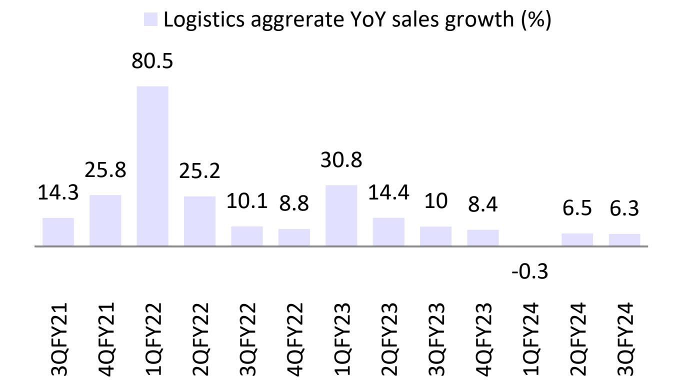


Exhibit 94: Margins saw marginal downward trend due to the subdued economic activity and high fuel charges

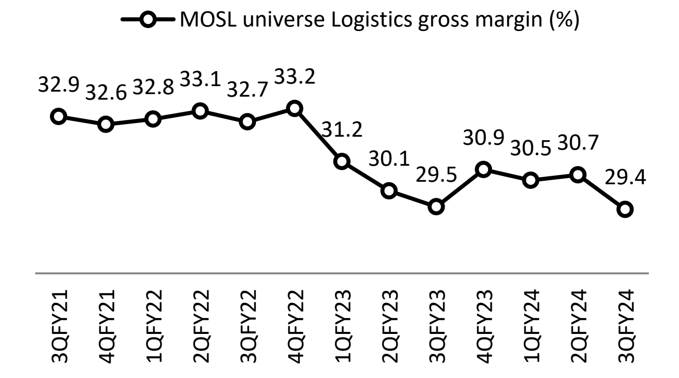
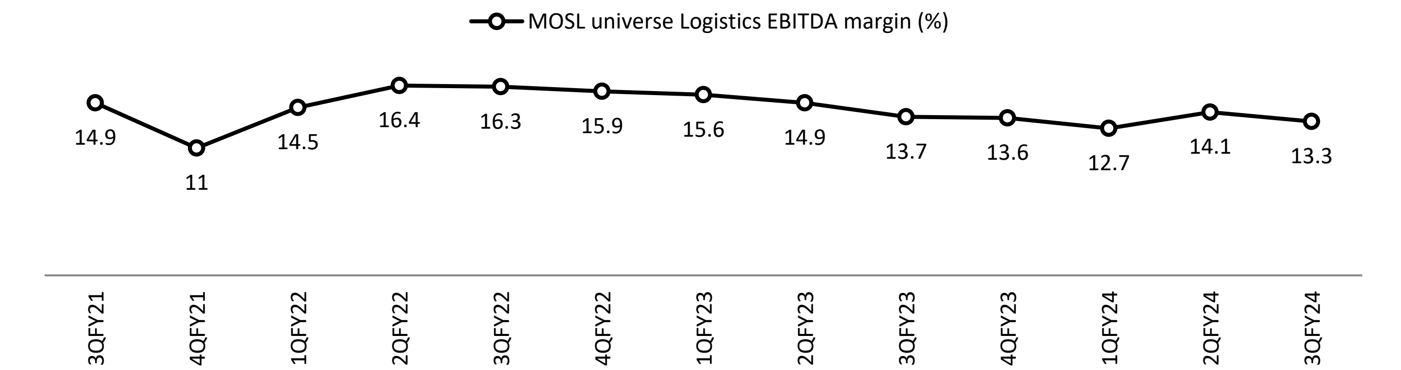


Exhibit 95: EBITDA margin declined sequentially due to muted festive demand



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

METALS: Operating performances improves YoY on lower input costs; volume growth remains largely flat

- **Volumes improve:**

Ferrous: Sales volume across our coverage universe was down 1% YoY in 3QFY24, attributed to lower sales by SAIL and JSP. JSTL was the only ferrous company under our coverage that reported volume growth of 5.1% YoY, driven by higher deliveries to OEMs, auto, RE and packaging companies. Though TATA's standalone sales volume improved 3% YoY to 4.9mt, its EU operations continued to drag down the consolidated performance (flat YoY).
Non-Ferrous: HNDL witnessed an improvement in its domestic copper business, with sales up 9% YoY at 119kt, which was partially offset by a reduction in aluminum sales volumes, down 4.6% YoY at 333kt. NACL recorded the highest quarterly aluminum sales of 122kt (up 6% YoY). HZ witnessed higher sales volumes in the lead and silver verticals (up 21.7% and 22.4% YoY, respectively), which were offset by lower volumes in zinc business (down 3.3% YoY). Vedanta posted healthy sales across the verticals.
Mining: COAL's production rose 11% YoY to 199mt and sales (dispatches) grew 9% YoY to 191mt. COAL's dispatches to the power sector (including CPP) stood at 171mt in 3QFY24, which represented ~89% of the dispatches. NMDC posted the second-best quarterly sales volume at 11.4mt (up 19% YoY and QoQ).

- **Ferrous ASP remains range-bound:** ASP for ferrous companies within our coverage universe stood flat YoY and improved 2.5% QoQ. JSP and SAIL reported strong sequential growth in ASP, which stood at INR64,648/t and INR61,444/t, respectively. TATA has guided for a decline of INR1,000/t in ASP in 4QFY24.
- **EBITDA/t improves substantially due to lower input costs and better operating performance: a) Ferrous**: EBITDA/t for our coverage companies increased in 3QFY24, aided by lower input costs and better efficiencies. While TATA's EU operations continued to drag down the overall performance and posted operating loss/t of USD175, its domestic operations continued to perform well and posted EBITDA/t of INR16,905. All the ferrous manufacturers under our coverage have guided for an increased coal cost of USD10-20 in 4QFY24, which would impact the margins. **b) Non-ferrous**: Novelis witnessed an improvement in EBITDA/t at USD49/t and is expected to post EBITDA/t of USD525/t and EBITDA of USD500m in 4QFY24.

Capacity enhancement: a) Ferrous: TATA is doubling its domestic crude steel capacity to 40mt from 21mt and the BF at Kalinganagar is expected to be commissioned by 4QFY24; its incremental benefits are expected to accrue in FY26. Similarly, JSP, which recently commissioned the 6mt HSM, is ramping up and is expected to exit FY24 with 50% RR; all other expansions are progressing as per timelines. JSTL's 5mt Vijayanagar facility is expected to come on stream by 3QFY25 and the slurry pipeline is expected to be completed by FY26. **b) Non-ferrous**: Novelis's (HNDL) Bay Minette facility has increased its capex outlay by ~65% to USD4.1b and the commissioning is delayed by a year. The facility is expected to be completed in 2HCY26 and would take 18-24 months to fully ramp up.

- **Top picks:** COAL
- **Positive surprises:** NACL, VEDL and NMDC

Revenue of six companies under our coverage was in line with our estimates, whereas seven companies reported higher EBITDA than our estimates.
Guidance highlights:

- **TATA:** The management expects realizations to drop by ~INR1,000/t and coal cost to increase by USD10/t for domestic operations. TATA expects ASP to be lower by USD18/t for Netherland operations and coal cost to increase by USD18/t for 4QFY24. However, APS in UK operations is expected to improve by USD51/t and coal cost is expected to increase by USD11/t.
- **JSTL:** JSTL has kept its production and sales targets unchanged at 26.3mt and 25mt, respectively. JSTL expects coal cost to increase by USD20-25/t in 4QFY24.
- **JSP**: The management did not provide sales and production guidance. Coal cost is expected to increase by USD10-12/t in 4QFY24.
- **SAIL:** The management expects the coal cost to increase in 4QFY24 by ~INR100-300/t. SAIL will ramp up its existing facility before undertaking the next leg of capex-led growth.

- **HNDL:** Novelis is expected to achieve EBITDA/t guidance of USD525/t in 4QFY24. The Bay Minette facility's timelines are extended by a year at an increased capex outflow. HNDL is expected to improve the coal linkages and expects box cut at Chakla mines by Dec'24.
- **HZ:** The management has kept its guidance for mined metal volumes unchanged at 1,075-1,100kt, with silver production at ~725-750t for FY24. It has maintained its zinc CoP guidance at USD1,125-1,175/t for FY24.
- **VEDL:** The company is expanding its VAP portfolio at Jharsuguda and BALCO, which will increase its aluminum VAP portfolio to over 90%. The management has guided for EBITDA/t of USD1,000/t for its aluminum business with a conversion cost of ~USD1,600/t. It expects to ramp up its zinc International volumes to 500kt in the near term, with a medium-to-long-term target of 1mt; EBITDA/t guidance stands at USD800/t in the near term and USD1,000/t in the medium-to-long term. VEDL is increasing its power portfolio to 4,780mw from 2,580mw by setting up the 1,000mw Meenakshi and 1,200mw Athena power plants.

Exhibit 96: Domestic spot steel spreads (USD/t) contracted and is currently below the LTA

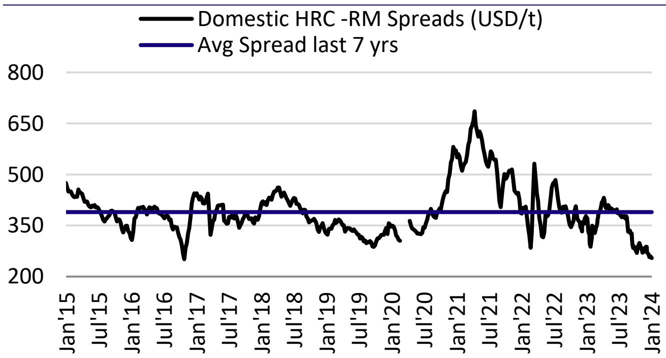
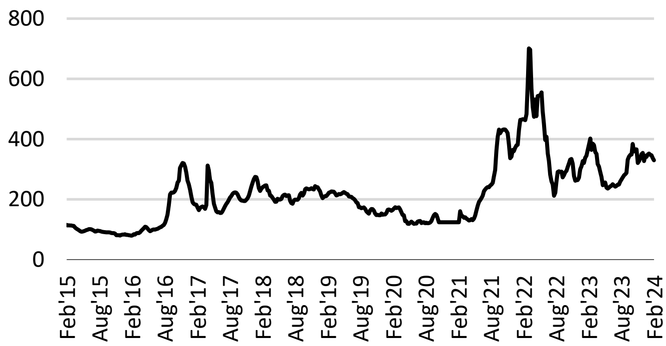
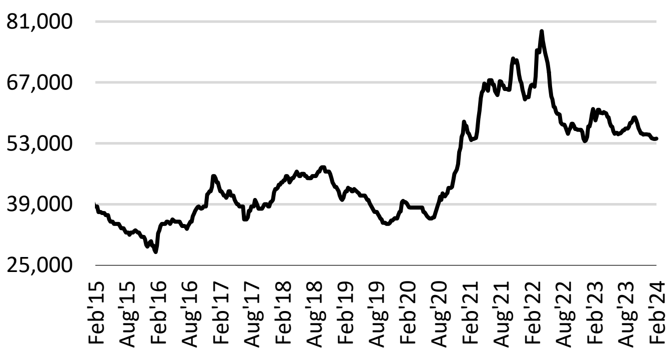


Exhibit 97: Coking coal (USD/t), which increased in 3QFY23, has moderated over last few weeks ~USD328-332/t levels



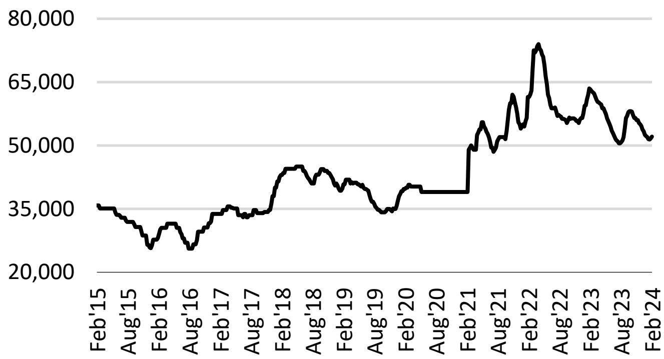
Source: MOFSL, Steelmint

Exhibit 98: HRC (INR/t) has started declining and has reached Dec'22-Jan'23 levels



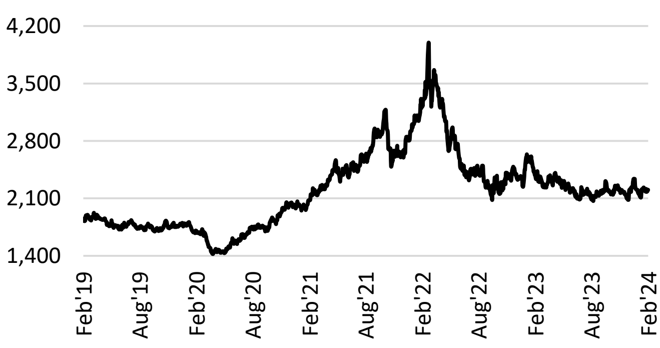
Source: MOFSL, Steelmint

Exhibit 99: Rebar (INR/t) prices too have corrected and are trading near Aug'23 levels



Source: MOFSL, Steelmint

Exhibit 100: Aluminum prices (USD/t) have remained range bound over the last few quarters



Source: MOFSL, Bloomberg

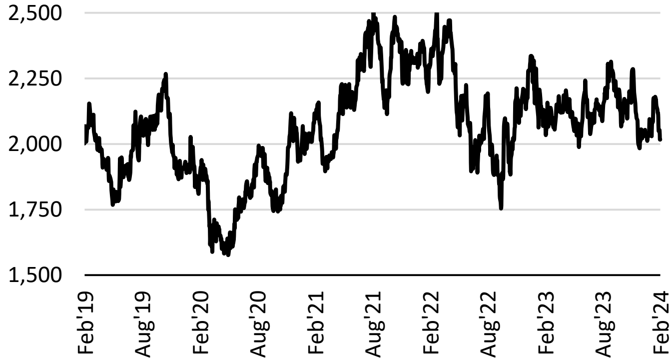
Exhibit 101: Zinc prices (USD/t) has dropped ~4% WoW and ~7% MoM

Source: MOFSL, Bloomberg

Exhibit 102: Copper prices (USD/t) have remained range bound in 3QFY24

Source: MOFSL, Bloomberg

Exhibit 103: Lead prices (USD/t) have remained range bound; lead is a recession-proof base metal



Source: MOFSL, Bloomberg

Exhibit 104: EBITDA/t for steel companies under our coverage (Consolidated)

EBITDA/t	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
JSW Steel	9,597	3,052	7,963	12,158	12,340	12,341	11,967
Tata Steel	22,584	8,382	5,661	9,279	7,186	6,037	8,760
SAIL	7,297	1,746	5,007	6,247	4,245	4,429	5,638
JSPL	17,200	7,559	12,513	10,775	14,283	11,372	15,705

Source: MOFSL, Company

OIL & GAS: Robust performance fueled by OMCs

- **Overall performance:** Revenue was above our estimate (down 1% YoY), mainly driven by OMCs, IGL, MRPL, and PLNG. Excluding OMCs, revenue was in line with our estimate (flat YoY). EBITDA was above our estimate (up 24% YoY); but GUJGA, HPCL, IGL, MRPL, and OINL missed our estimates. Excluding OMCs, EBITDA was in line with our estimate (up ~10% YoY). PAT was also above our estimate (up 37% YoY). PAT, excluding OMCs, was in-line with our estimate (up 10% YoY).
- **RIL – retail and telecom segments drive operating performance:** RJio's revenue and EBITDA were in line due to subscriber additions, while ARPU was flat QoQ. The pan-India rollout of 5G was completed as targeted in Dec'23. Reliance Retail posted healthy revenue and EBITDA growth. Standalone EBITDA missed our estimate because of lower gas price realization and a lower downstream margin.
- **Upstream:** ONGC's reported EBITDA was below our estimate, mainly due to higher-than-expected exploratory well write-offs in 3QFY24. OINL reported lower-than-expected EBITDA primarily due to higher other expenses as compared to the previous year.
- **OMCs – a mixed bag:** IOCL reported a beat on our EBITDA estimate, fueled by a better-than-expected GRM and a higher marketing margin. BPCL's reported GRM was above our estimate, while its implied marketing margin was below our estimate. Higher employee benefit expenses offset the operational beat, while EBITDA came in line. HPCL missed our EBITDA estimate due to a lower-than-expected marketing margin because of a suppressed margin on diesel.
- **CGDs – a miss on margin:** IGL's EBITDA came in below our estimate, primarily due to a lower-than-expected EBITDA/scm, which mainly declined as the APM gas allocation dipped to 78% in 3Q from 87% in 2QFY24. MAHGL's EBITDA increased YoY, mainly driven by a 63% YoY rise in EBITDA/scm. Volumes grew YoY, driven by CNG and I/C-PNG. For GUJGA, total volumes were in line with our estimates; however, EBITDA/scm missed our estimate due to higher-than-expected gas costs.
- **Ratings and earnings revisions: HPCL** – The commissioning of the bottom upgradation unit at Vizag refinery would result in the distillate yield improving by 10% from FY25 onwards. The company expects to achieve a GRM improvement of USD3.5/bbl over SG GRM. The demerger of the lubricant business also provides a value-unlocking opportunity. Owing to these factors, we upgraded **HPCL to BUY.** Conversely, we downgraded **MRPL to SELL**, as the GRM trend has been volatile for the company. This highlights that a sustained healthy performance

remains a concern, given the highly volatile macro environment. MRPL underperformed in 3QFY24, which has led us to downgrade the stock.

- **Top picks: GAIL** – During FY23- 26E, we are modeling its EBITDA to report a 33% CAGR driven by: 1) rising natural gas transmission volumes to 141mmscmd in FY26 from 107mmscmd in FY23, 2) substantial improvement in petchem segment's profitability over 2HFY25- FY26, as the new petchem capacity will be operational, and 3) low inventories globally, which will drive a re-stocking demand. **ONGC** – Given that the stock still trades at 0.9x FY26E P/B on a consol. basis and production volume guidance remains upbeat, we see limited downside for the stock from current levels. **OINL –** remains a strong conviction BUY with a 1.2x FY25E P/B (standalone) valuation. It is a unique play to benefit from the strong multi-year upcycle in both upstream and refining segments.
- **Surprises:** CSTRL, GAIL, IOCL, and PLNG.
- **Misses:** GUJGA, HPCL, IGL, MRPL, and OINL.

Guidance highlights:

- **RIL**: Global oil demand growth is projected to remain strong, led by transportation fuels. Domestic demand is expected to remain resilient amid strong economic activities. LNG demand remains stagnant as a milder winter in NE Asia and Europe has resulted in a lower-than-expected depletion of inventory.
- **GAIL**: Management highlighted that the optimal gas cost for the petrochemical segment is USD8-9/mmBtu. No shutdown is anticipated for the PATA plant in the near future. GAIL anticipates a robust domestic gas demand, projecting gas transmission volumes to reach 124mmscmd by end-FY24.
- **Upstream: ONGC's** management has guided for a 5% CAGR in overall production over the next three years, mainly driven by KG 98/2 and Daman upside development. The management remains confident that ONGC will command a 20% higher gas price for new wells and that in three years, ~20% of gas production could command such higher pricing. **OINL's** management guided that it expects to double the drilling of new wells in FY25 and incremental wells to be drilled in FY26.
- **OMCs**: **HPCL's** management guided that recovery is expected in 4QFY24. Refinery throughput should be above 22mmtpa in FY24, and marketing sales volume should be about 44mmtpa. Petrochemical production should commence in CY25. **BPCL's** management guided that MS consumption growth should be at 5% over the next five years and diesel growth should be at 1.5-2.0% despite the increasing EV adoption. Mozambique force majeure is expected to be lifted by Jun/Jul'24.
- **CGDs**: **IGL's** management highlighted that it may consider launching schemes similar to MAHGL's CNG Mahotsav to drive further growth. However, the company would focus on setting up adequate infrastructure before launching such schemes. **MAHGL's** management guaranteed a 10% discount on gas prices compared to alternate fuels for the first three years to new customers in the GA3 region. It does not expect CNG volumes to be meaningfully impacted by the INR5-10/liter cut in petrol prices.

Exhibit 105: Implied gross marketing margin (INR/lit)

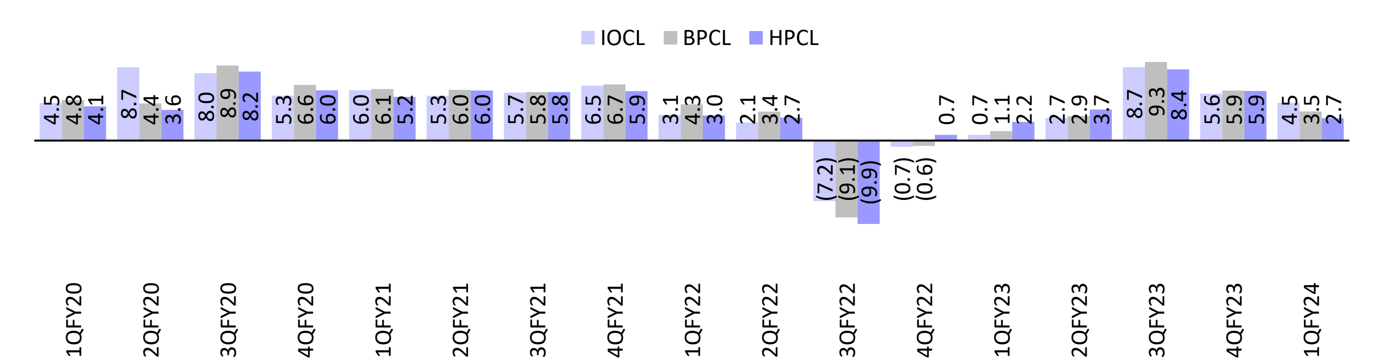


Exhibit 106: Reported refining margin (USD/bbl)

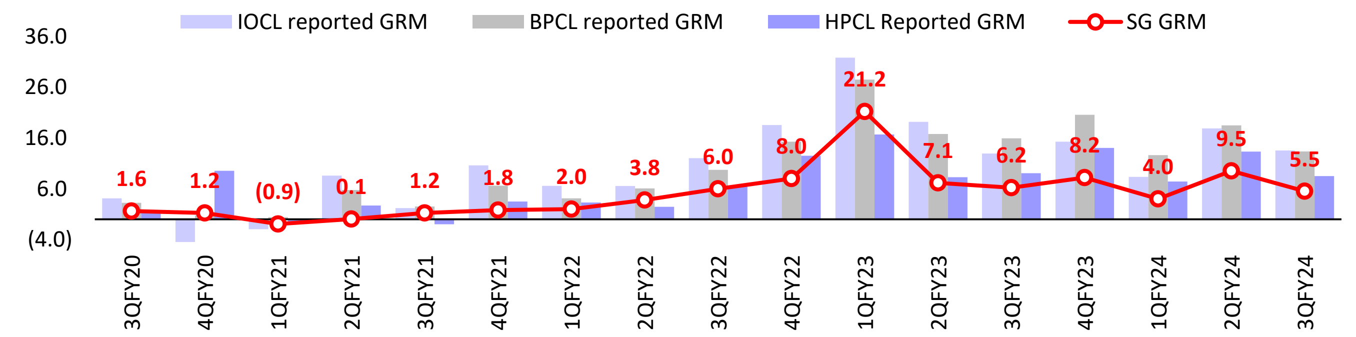


Exhibit 107: Sales volume of CGDs (mmscmd)

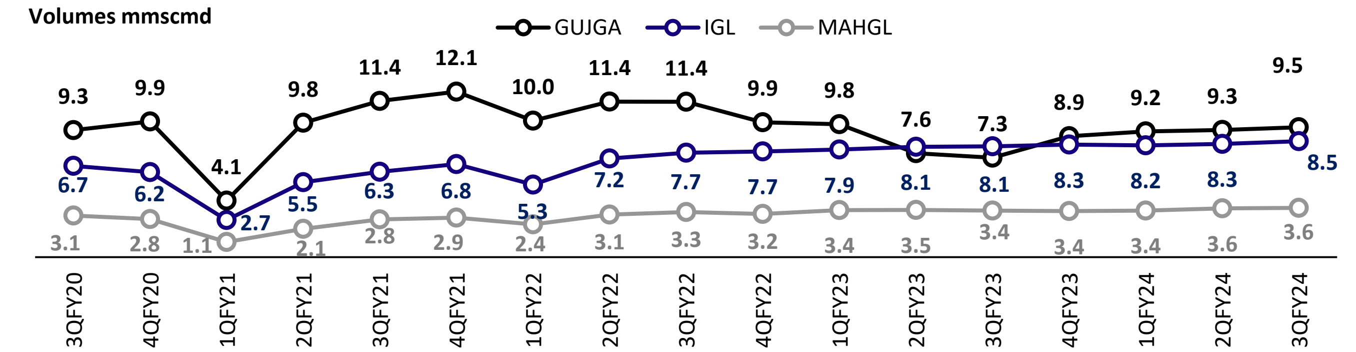
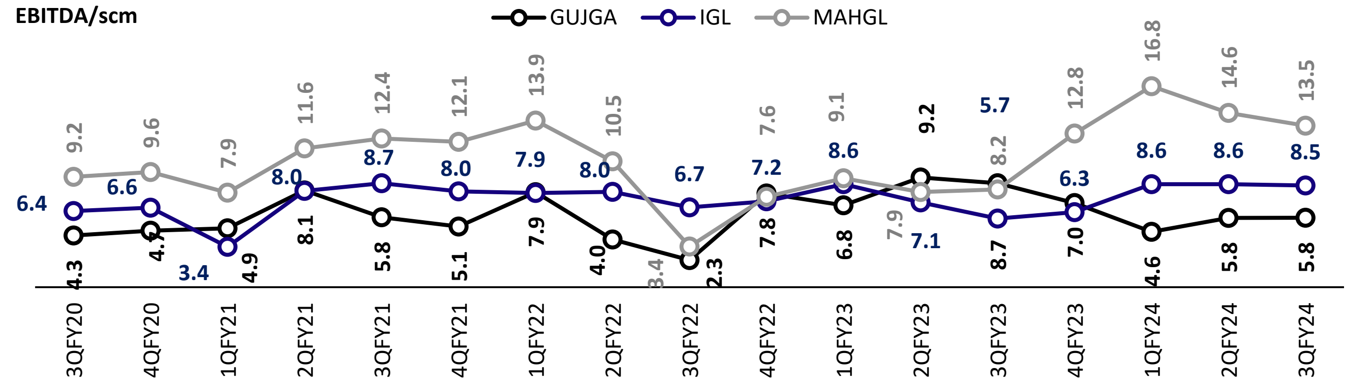


Exhibit 108: EBITDA/scm trend for CGDs (INR)



Real Estate: Stable demand traction aided by strong response to new launches

- **9MFY24 sales largely at par with FY23:** Sales traction remained stable in 3QFY24, with our coverage universe reporting 88% YoY/26% QoQ growth in pre-sales to INR287b. The encouraging response to new project launches was the key driver of sales in 3Q as the bulk of bookings for companies like DLF, GPL, PEPL, BRGD and SOBHA were generated from new projects/phases. Among our coverage companies, DLF reported the best performance with ~3.5x YoY surge in bookings, aided by a strong response to its premium project launch. However, excluding DLF too, the performance remained strong as cumulative sales for our coverage universe were up 54% YoY.
- Companies are gradually shifting their offerings towards premium segment, which is reflected in higher realization growth of 34% YoY. For LfL product, the price hikes were in the range of 8-12% YoY. Volume grew 41% YoY in 3Q to 21.5msf. For 9MFY24, our coverage universe reported bookings of INR666b, up 50% YoY – almost at par with sales of INR684b achieved in FY23.
- **Launches picking up as expected:** As highlighted in our previous notes, new project launches by our coverage companies are gradually picking up, given that most players currently have ~12 months of inventory. Cumulative launches in 3QFY24 stood at 38msf (vs. 29msf in 1HFY24). While PEPL continued to have a notable contribution of 15msf to total launches in 3Q, other companies too witnessed healthy sequential growth. The project pipeline remains strong in the near term, along with good traction in business development (BD) as LODHA has already exceeded its BD guidance and GPL continue to make healthy progress on replenishing its pipeline . We expect our coverage universe to launch more than 25msf of projects in 4QFY24.
- **Collections:** Total collections increased 26% YoY in 3Q to INR149b. However, collection efficiency (collections-to-sales) declined to 52%, vs. TTM average of 72%, due to a higher share of sales from new projects. With progress in construction, we expect efficiency to pick up going ahead, resulting in higher collections. Our coverage universe generated OCF of INR52b, up 17% YoY.
- **P&L performance – mixed bag:** The aggregate revenue for our coverage universe increased 5% YoY to INR106b (7% below our estimate). The individual performance was a mixed bag as LODHA/GPL/BRGD reported healthy revenue growth, whereas lower project deliveries affected PEPL/SOBHA/MLFIE. Cumulative EBITDA grew 6% YoY to INR32b, with EBITDA margin of 31% (vs. 30% in 3QFY23). We expect GPL's performance to further improve in 4Q as the company remains on track to deliver 3.5msf during the quarter.
- **Valuation and view:** The operational performance of our coverage universe was better than our expectations. We retain our FY24E pre-sales estimates for DLF/LODHA/MLIFE/SUNTECK; lower by 13% for OBER given the delay in the launch of its Pokhran road project in Thane; and increase by 13%/5%/10%/13% for GPL/PEPL/BRGD/SOBHA after the strong 3Q performance. After the revision in estimates, the implied pre-sales growth for our coverage universe stood at 37% vs. 29% earlier. We continue to see re-rating potential in companies, which would provide further growth visibility on the back of strong business development through robust cash flows. We retain PEPL, SOBHA, GPL, and SUNTECK as our top picks.

- **Positive surprises:** DLF and GPL
- **Misses**: OBER

Company commentary:

- **LODHA:** Its first project in Bengaluru received a strong response, as 80% of the inventory was sold within the first week and contributed INR6.6b to total sales. The management remains open to raising funds if it comes across an opportunity that will enable it to grow beyond the targeted growth rate of 20% or improve the longevity of growth that the company can deliver.
- **OBER:** Expects the Forestville project to generate annual bookings of INR5-7b. The large project on Pokhran road is scheduled to be launched during the festive season (2QFY25) of FY25. The management intends to successfully launch its new project in Gurugram before acquiring additional projects in the micro-market.
- **DLF:** Key project launches in FY25 include a luxury project in DLF 5, a subsequent phase of Privana, a high-rise project in Chennai, and the first phase of the Mumbai project. Additionally, the company will launch small projects in Goa and Panchkula.
- **GPL:** The company will comfortably exceed its full-year guidance of INR140b and is also on track to deliver 12.5msf in FY24. Over the medium term, it is confident of sustaining 15-20% YoY growth. Sector 89 & Sector 146

(Gurugram), Kandivali (MMR), and OMR Road (Bengaluru) are the key projects, along with a few others that are slated for launch in 4QFY24.

- **PEPL:** In addition to few projects in Bengaluru, PEPL could also launch a new phase at Mulund (MMR) in 4QFY24. Given the relatively moderate launch pipeline for 4Q, the performance will be largely driven by stable sales and the management is confident of achieving INR200b bookings in FY24. The current project pipeline is sufficient to sustain growth for the next two years.
- **BEL:** BEL is gearing up for the launch of ~2.6msf of projects in 4QFY24 with a GDV potential of INR20b in its existing projects in Bengaluru. The Mount Road project in Chennai is expected to be launched in 1QFY25. Overall, the company has a rolling 12-month residential launch pipeline of 11msf with a GDV of INR100b.
- **MLIFE:** At the start of the year, the company targeted nine new launches. It has already launched three new projects and remains on track to launch the remaining projects in 2H. The total GDV of these launches is INR25-35b. The launch of two projects (including Santa Cruz redevelopment) may spill over to FY25, but that will be offset by an early launch of 2-3 other projects.
- **SOBHA** plans to launch 3msf in 4QFY24 and most of it will materialize toward the end of the quarter. The management is targeting the launch of 17msf of projects by FY25-end. Beyond this, the company is also working on the next 20msf of projects from existing land reserves in Bangalore.
- **SUNTECK:** The Kalyan project was launched toward the end of 3QFY24 and the company expects it to generate INR2.5-3b of sales annually. It will launch the third tower at Mira Road and a new phase at Naigaon in 4Q, which will help the company meet its target of INR20b sales. With the launch of the Napean Sea Road project in FY25, SUNTECK can surely achieve 25% growth in pre-sales.
- **PHNX:** Trading increased across all major malls and reached an all-time high level in 3QFY24. As trading further inches up in new malls, the management remains confident of achieving consumption of INR112-INR115b in FY24. The management plans to close 4-5 new deals over the next 24 months; hence, a significant share of surplus cash generated during this period will be utilized for land acquisition.

Exhibit 109: Pre-sales for coverage universe increased 88% YoY

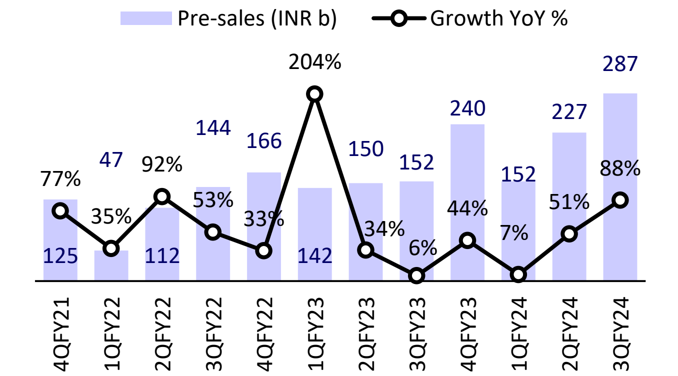


Exhibit 110: Volumes grew by 41% YoY

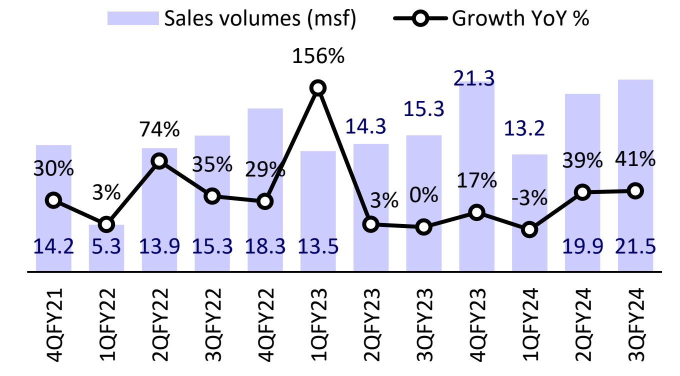


Exhibit 111: Collections improved 26% YoY in 3QFY24

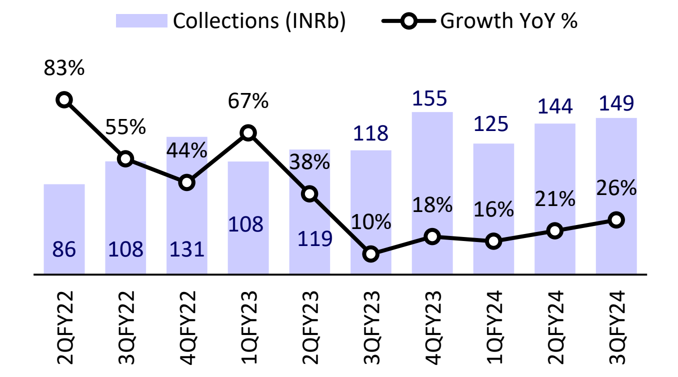


Exhibit 112: Expect coverage stocks to deliver 37% YoY growth

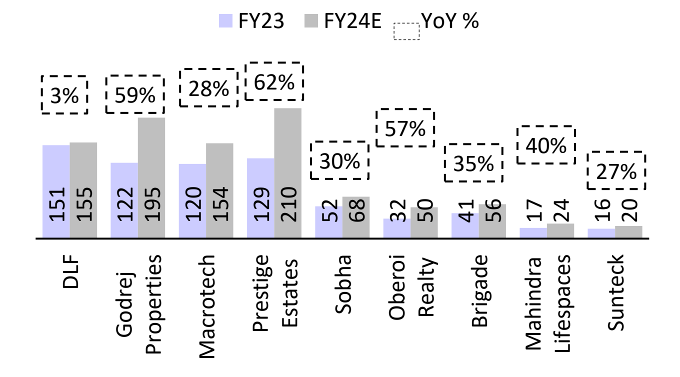


Exhibit 113: Estimate changes for our Coverage Universe

	Revenue					
	Old		New		Change	
INR b	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
DLF	90	72	90	94	0%	30%
Godrej Properties	22	35	21	35	-3%	-2%
Macrotech	113	135	107	136	-6%	1%
Oberoi Realty	46	53	43	51	-6%	-3%
Prestige Estates	96	104	80	104	-17%	0%
Brigade	41	49	42	50	4%	1%
Sobha	36	41	36	42	-1%	2%
Mahindra Lifespaces	6	7	3	4	-52%	-39%
Sunteck	9	14	9	14	-7%	0%
	EBITDA					
	Old		New		Change	
INR b	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
DLF	32	22	32	34	-1%	53%
Godrej Properties	2	7	0	8	-125%	11%
Macrotech	29	36	26	36	-13%	1%
Oberoi Realty	19	24	22	26	14%	8%
Prestige Estates	27	28	23	28	-14%	1%
Brigade	10	15	10	15	-2%	3%
Sobha	4	7	4	6	2%	-10%
Mahindra Lifespaces	-1	-1	-1	-1	16%	64%
Sunteck	2	4	2	4	-7%	0%
	PAT					
	Old		New		Change	
INR b	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
DLF	36	40	36	53	-1%	32%
Godrej Properties	7	12	8	13	1%	7%
Macrotech	18	23	14	24	-22%	3%
Oberoi Realty	13	16	15	18	17%	8%
Prestige Estates	10	7	8	8	-25%	7%
Brigade	4	7	3	8	-15%	4%
Sobha	2	4	2	4	-23%	-2%
Mahindra Lifespaces	1	2	0	1	-91%	-26%
Sunteck	1	2	1	2	11%	4%
	Pre-sales					
	Old		New		Change	
INR b	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
DLF	161	90	155	137	-4%	53%
Godrej Properties	173	200	195	200	13%	0%
Macrotech	154	180	154	180	0%	0%
Oberoi Realty	58	60	50	63	-13%	6%
Prestige Estates	200	230	210	240	5%	4%
Brigade	56	70	56	70	0%	0%
Sobha	60	68	68	75	13%	11%
Mahindra Lifespaces	24	31	24	31	0%	0%
Sunteck	20	25	20	25	-1%	0%
	Collections					
	Old		New		Change	
INR b	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
DLF	82	112	73	107	-11%	-4%
Godrej Properties	135	185	148	188	9%	1%
Macrotech	118	129	118	129	0%	0%
Oberoi Realty	44	54	42	54	-3%	2%
Prestige Estates	119	161	119	153	-1%	-5%
Brigade	40	53	40	53	0%	0%
Sobha	44	55	49	58	11%	5%
Mahindra Lifespaces	17	25	16	25	-2%	-1%
Sunteck	13	17	13	17	0%	0%

RETAIL: Softness in demand persists; early EOSS to drive sales

Revenue growth driven by footprint addition

- **Revenue growth remains soft:** Aggregate revenues for the segment grew 17% YoY for 3QFY24, primarily driven by footprint additions. However, LFL growth continued to remain weak for the quarter. Demand, which accelerated toward the end of Oct’23, driven by Navratri festivities, experienced a sudden downturn after the Diwali period, resulting in softer demand from mid-Dec’23 onwards. LFL growth across segments varied from a decline to relatively stagnant levels. Trent continues to remain an outlier, reporting a YoY revenue growth of 52.5% to INR33.1b, which was driven by strong footprint addition and healthy 10% LFL growth. D-Mart also reported a 17% YoY revenue increase, led by improved footprints and a 5% improvement in store-level throughput. Additionally, the quarter witnessed the early onset of EOSS, as retailers looked to liquidate the old inventory amidst the subdued demand.
- **Margin profile remains flattish, led by weak LFL:** A subdued demand and early EOSS led to a drag in profitability for 3QFY24 for apparel retailers looked to liquidate their old inventory. This was partially offset by stabilization in cotton yarn prices. As a result, overall gross margins expanded by merely 40bp YoY to 33.2% for 3QFY24. However, the footwear segment continued to see improved gross margins on a YoY basis, mainly led by improved raw material pricing. Continued expansion, coupled with weak LFL growth for retailers, led to higher operating expenses for the quarter, which resulted in operating margins remaining fairly flattish. EBITDA margins for the quarter (aggregate) expanded ~10bp YoY to 13.1%. Continued weakness in discretionary spending and weak rural demand could further impact 4QFY24 margins as well. Trent’s EBITDA margins expanded 330bp YoY, led by improved gross margins and strong revenue growth. ABFRL witnessed improvement in EBITDA margins despite investments within new businesses (Tasva and TMRW), led by a shift in focus toward profitable business within the Madura segment. Within the footwear space, Relaxo witnessed margin improvement by 160bp YoY, while Metro, Bata, and Campus continued to see margin contraction. V-Mart’s EBITDA margin improved sequentially, which was led by healthy LFL growth seen within its core business and the decision to cut down losses within the online segment.
- **Store addition supports revenues:** Continued focus on footprint expansion within retailers helped offset the weak LFL growth during the quarter. While players such as Trent, Metro, and BATA continued with their healthy footprint additions, V-Mart too saw a healthy store addition of 17 new stores in 3QFY24. Westside/Zudio added 4/49 net stores in 3QFY24, taking the total store count to 227/460. Metro continued its robust store expansion with the addition of 23 stores, while DMart added 5 stores during the quarter.
- Top picks: TRENT
- **Surprises:** Trent, ABFRL, and V-Mart

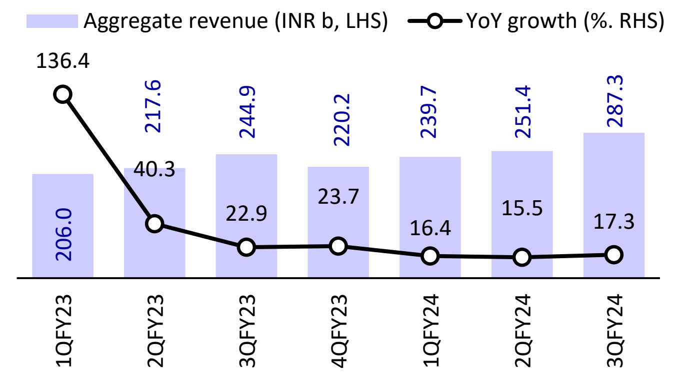
Guidance highlights:

- **VMART:** 1) 9MFY24 store addition stood at 30 stores (net); the company looks to add 10 stores in 4QFY24 and close ~20 stores, implying net 20 stores addition in FY24. In FY25, it targets to add gross 50 stores, and 30-40 net stores, adjusted for the potential store closures. 2) EBITDA losses in “Limeroad” will continue to see 25-30% reduction on a QoQ basis with an aim to reach break-even by the end of FY25. 3) In addition to the three stores closed, the company will look to close ~20 stores in 4QFY24, of which, a majority of them would be in the VMart segment (75% of store closure).
- **SHOP:** 1) Management has suggested a mid-single-digit growth range for revenue growth for 4QFY24 and aims to achieve mid-high single-digit LFL growth in the long term with the revival of demand. 2) SHOP opened four new stores under beauty and departmental stores and aims to incorporate a total of 56 stores in FY24, with 32 already operational. 3) The company intends to end FY24 with 24 stores for Intune and plans to add 14 stores in 4QFY24.
- **Metro Brands:** 1) The management has reiterated its guidance of 55-57% gross margins, +30% EBITDA margin and 15-17% NP margin. Revenue growth would be ~18%, led by store adds and SSSG. 2) **Fila inventory** stands at

INR300m on cost and is expected to be liquidated by Jun'24. 3) **Foot Locker-** Expects the productivity to be similar/higher compared to Metro. The company would open 3,000/5,000 sqft stores in metro and Tier 1 cities.

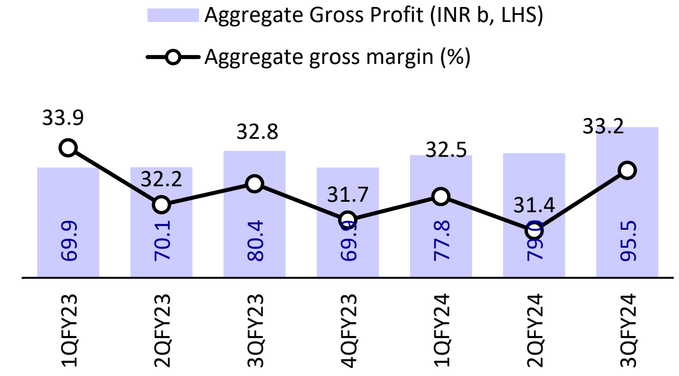
- **Vedant Fashions:** 1) Early trends in Jan'24 have indicated a soft demand; however, improved demand traction in 4QFY24 is expected, given the higher spread of wedding dates. 2) Within emerging brands, the company will look to open another 2-3 stores for Twamev in addition to the flagship store for Mohey. 3) The company is now looking to enter the South Indian market by introducing a new format and adjusting its merchandising to cater to the demand in the region.
- **Campus Active wear**: 1) Marketing spending increased to 10% in 3QFY24, compared to the typical range of 5-6%, led by events like Big Billion Days. The company's targeted marketing cost is 6-6.5%. 2) Additionally, the company has indicated its aspiration to restore EBITDA margins to levels seen two years ago.

Exhibit 114: Revenue grew 17% YoY in 3QFY24



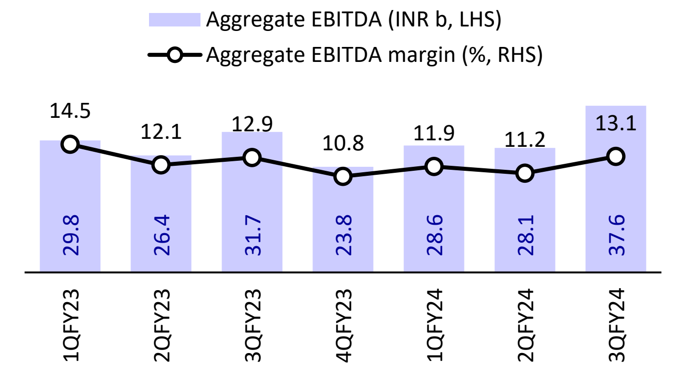
Source: Company, MOFSL

Exhibit 115: Gross margins improved marginally YoY



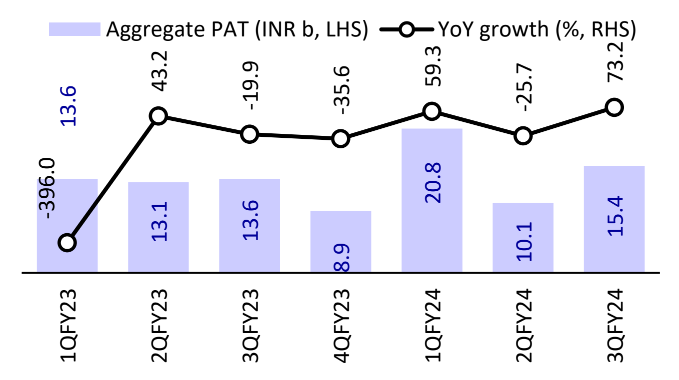
Source: Company, MOFSL

Exhibit 116: EBITDA margins improved YoY in 3QFY24



Source: Company, MOFSL

Exhibit 117: Profitability for retailers improved YoY



Source: Company, MOFSL

Exhibit 118: Snapshot of Retail store additions

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Total Store count									
Madura Stores	2,488	2,522	2,585	2,561	2,601	2,650	2,643	2,660	2,696
Pantaloons	361	377	375	396	406	431	434	439	446
DMART	263	284	294	302	306	324	327	336	341
Shoppers Stop	83	88	90	91	96	98	98	102	105
Westside	197	200	203	208	211	214	221	223	227
V-Mart	374	380	391	405	414	423	431	437	454
Zudio	177	233	247	285	326	352	388	411	460
Metro	629	624	644	672	745	764	789	817	840
Bata (Incl SIS)	1,772	1,814	1,888	1,956	2,021	2,053	2,100	2,150	2,204
Store adds									
Madura EBO's	-266	34	63	-24	40	49	-7	17	36
Pantaloons	14	16	-2	21	10	25	3	5	7
DMART	17	21	10	8	4	18	3	9	5
Shoppers Stop	3	5	2	1	5	2	-	4	3
Westside	6	3	3	5	3	3	7	2	4
V-Mart	6	6	11	14	9	9	8	6	17
Zudio	30	56	14	38	41	26	36	23	49
Metro	-	-5	20	28	73	19	25	28	23
Bata	35	42	74	68	65	32	47	50	54

Source: Company, MOFSL

TECHNOLOGY: Uncertainty on demand recovery continues in 3Q; focus remains on 2024 budget outlook

- **Aggregate performance:** The IT Services companies (within MOFSL Universe) outperformed low expectations in 3QFY24, exhibiting a median revenue growth of 1.0% QoQ CC. With continued weakness in key verticals along with continued pressure regarding 4Q execution, companies have either narrowed their revenue guidance band or expect to achieve the lower end of the range. Throughout 3QFY24, softness persisted in key verticals and geographies, with BFSI, Consumer, and Communications reporting muted growth, while Manufacturing and Hi-Tech sectors witnessed some signs of recovery. Commentaries on demand recovery and discretionary spends were weak, although a few companies noted early green shoots in selective pockets.
- **Tier-2 and Tier-1 performance gap narrowed**: The Tier-1 posted a median revenue growth of 0.9% QoQ CC, while Tier-2 companies recorded a growth of 1.1% QoQ CC. HCLT (up 6.0% QoQ CC) and Persistent (up 3.1% QoQ CC) outperformed their peers with strong executions in 3Q. Moreover, the performance gap (Growth + Margins) between Tier-1 and Tier-2 has narrowed in 3Q, which otherwise had been favoring Tier-2 pack. On margins front, Tier-1 companies reported ~20bp QoQ improvement, while Tier-2 companies posted a meager ~10bp QoQ improvement. The margin improvement for Tier-1 was majorly attributed to a sharp decline in headcount (down ~16k QoQ vs. ~18k QoQ decline witnessed in 2Q), while Tier-2 delivered flat margin despite a net hiring of ~+500 employees in 3Q.
- **Deal TCV moderated in 3Q:** The deal TCV for tier-1 witnessed a sequential moderation in 3Q over multi-year mega wins recorded in 2Q. Although tier-1 deal TCV saw a decline of 4.5% YoY, due to higher-than-anticipated furloughs and continued slowdown in deal closure activities. Despite this, BTB comfortably maintains the 1x mark for both tier-1 and tier-2 packs in 3Q. However, select entities within the space foresee extended furloughs in 4Q, anticipating a relatively softer quarter compared to last year. In Tier-2, TCV growth remained healthy for Coforge (+13% QoQ) and Persistent (8.8% QoQ) in 3Q; even the 9MFY24 book-to-bill for tier-1/tiet-2 has been attractive at 1.1x/1.2x.
- **Headcount movement**: The hiring activities were weak yet again in 3Q, down 16k QoQ vs ~18k decline witnessed in 2Q; the net headcount reported a sharp decline of 16k for Tier-1, while Tier-2 saw a modest net addition of 337. The attrition rate moderated and utilization improved (for tier-1) further in 3QFY24.
- **Top picks:** Despite a few Tier-2 companies outpacing Tier-1 players over the last couple of quarters, we remain positive on Tier-1 names due to their wider range of offerings and disproportionate benefits in a cost-focused environment. Moreover, the performance gap between tier-1 and tier-2 pack narrowed in 3Q, which we believe

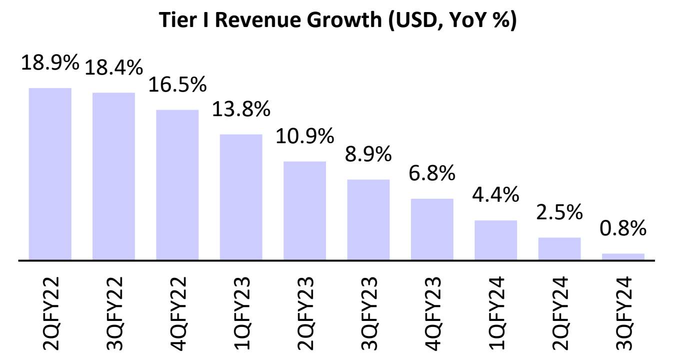
should get reflected in their valuations. The current valuations of Tier-1 companies (median ~21x one-year forward P/E) with robust payout yields (~+4% in FY26E) provide us with a sense of reassurance. We continue to prefer HCLT for its robust business mix, resilient service lines, and evenly distributed verticals. Additionally, within Tier-2, we favor Cyient.

- **Significant Surprise:** HCLT and TechM (revenue growth)
- **Significant Beat:** HCLT (margin)
- **Major EPS upgrades/downgrades:** Wipro's FY24E EPS improved 5%. Coforge's FY24E, while LTIM FY25E EPS was cut by 8%. ZENT's FY24E/FY25E EPS both increased 7%/3%.

Guidance highlights

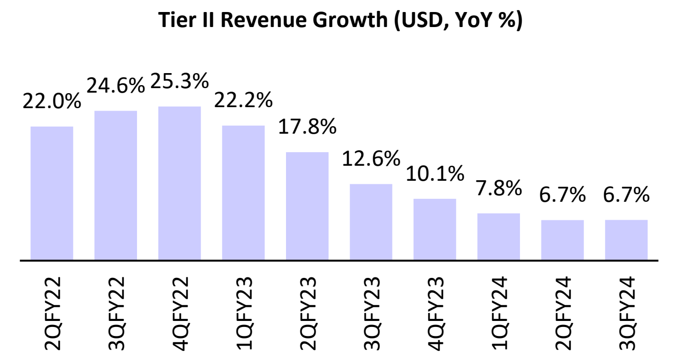
- **TCS:** It continues to witness strong deal signing activity despite the cautious spending environment, which has remained unchanged compared to 2Q amid adverse macros. Long-term secular demand remains positive. The management anticipates an improvement in client sentiment, following the positive commentary by the US Fed in Dec'23.
- **INFO**: It has narrowed its FY24 revenue growth guidance to 1.5-2.0% YoY CC from 1.0-2.5% YoY CC earlier, effectively keeping the mid-point unchanged. The management continues to see weakness in discretionary spending, coupled with an elongated decision cycle. Despite this, momentum in large deal wins remained strong, bolstering overall deal wins. INFO has maintained its FY24 EBIT margin guidance at 20-22%.
- **WPRO:** WPRO indicated an improvement in its Consulting business compared to the previous quarter, although cautionary commentary on demand persists. Management indicated that the market conditions have remained unchanged compared to the previous quarter, with continued focus on cost-saving expenditures. It again provided weak guidance for 4Q, with revenue growth guidance of -1.5% to +0.5% in CC.
- **HCLT:** The company continues to see a healthy pipeline, well distributed across the large and midsized deals. They have seen good growth performance due to strong bookings beyond the mega deal wins, coupled with vendor consolidation opportunities. Management narrowed FY24 USD revenue growth guidance to 5.0%-5.5% YoY in CC (vs. 5.0-6.0% YoY earlier). The margin guidance has remained within the range of 18-19% despite strong profitability in 3Q.
- **TECHM**: Management indicated continued volatility in the Communications vertical for a few more quarters before sustained growth recovery, and it is too early to call out any green shoots in it. As TECHM has made multiple internal changes in its processes, it will provide more clarity on its longer term goal to investors post 4Q results.
- **LTIM:** Continued weakness in the macro environment has led to continued caution from clients, affecting decision-making processes. Moreover, the company has observed a significant slowdown in discretionary spending in the near term. Management has indicated that there is a healthy pipeline of deals, with the majority focusing on cost-optimization and efficiency, although these may require some time to materialize into revenues.

Exhibit 119: Tier-1 revenue growth continued to moderate



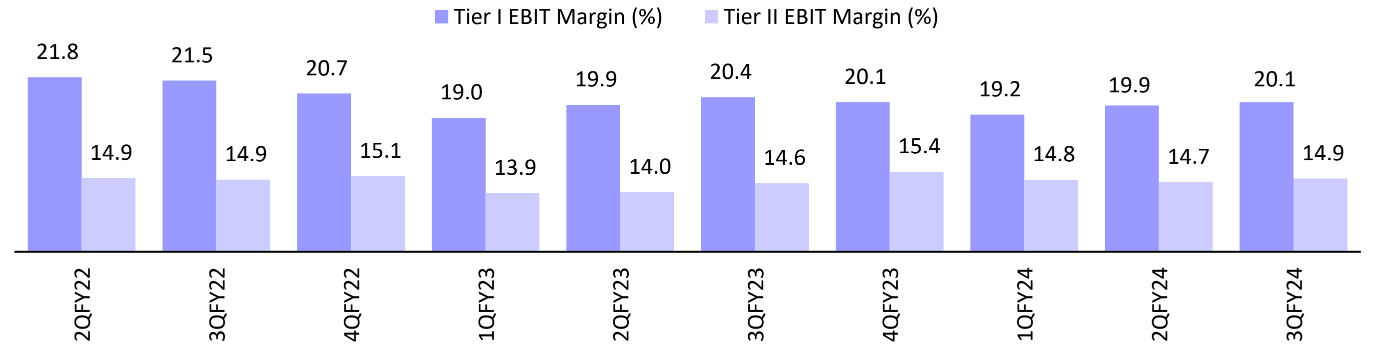
Source: Company, MOFSL

Exhibit 120: Tier-2 revenue growth stabilized in Q3



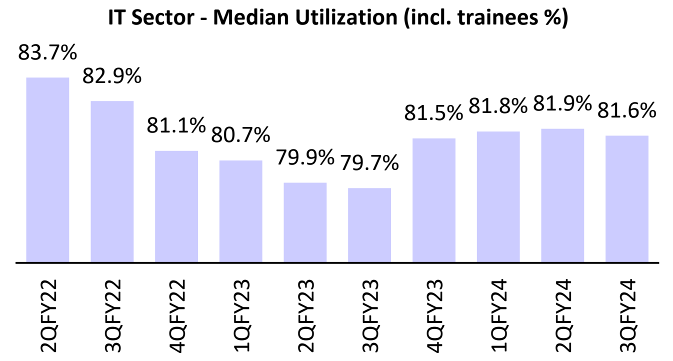
Source: Company, MOFSL

Exhibit 121: EBIT margins inched up across both Tier-1 and Tier-2 companies



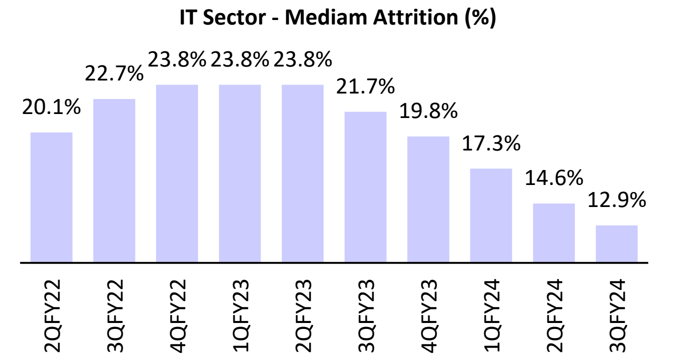
Source: Company, MOFSL

Exhibit 122: Median utilization (%) moderated in 3Q



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

Exhibit 123: Median attrition (%) continued to decline



Figures exclude MPHL; Source: Company, MOFSL

Exhibit 124: Upgrades/downgrades to our EPS estimates (%)

Company	4QFY23		1QFY24		2QFY24		3QFY23	
	FY24E	FY25E	FY24E	FY24E	FY25E	FY24E	FY24E	FY25E
TCS	0	0	-1	0	0	-1	0	2
INFO	-4	-5	-4	-4	-5	-4	-1	0
WPRO	-7	-4	-4	-7	-4	-4	5	1
HCLT	-4	-3	-2	-4	-3	-2	3	4
TECHM	-5	-5	-10	-5	-5	-10	-3	-1
LTIM	-2	-2	-4	-2	-2	-4	-1	-8
LTTS	3	3	-3	3	3	-3	0	0
MPHL	-10	-6	-2	-10	-6	-2	-1	-3
COFORGE	1	0	-10	1	0	-10	-4	3
PSYS	6	5	-4	6	5	-4	2	0
CYL*	5	5	1	5	5	1	-3	0
ZENT	18	16	16	18	16	16	7	3

* **Cyient DET (Service) business**

Source: MOFSL, Company

TELECOM: Moderate growth, but deleveraging continues

The telecom sector registered a sequential revenue growth of 2%, led by 1%/2% increase in subscribers/ARPU. This growth was on the back of ongoing transitions from prepaid to postpaid plans, the migration of subscribers from 2G to 4G networks, and effective data monetization strategies. The market share shift continues. The recent 5G ramp-up has not contributed meaningfully to revenue growth. Companies remain focused on deleveraging their balance sheets, and it is anticipated that capex will reach its peak in 3QFY24, as Bharti/RJio have completed 5G rollout in the majority of India.

Market share gain continues by RJio/Bharti

RJio and Bharti continue to gain subscriber market share and revenue albeit at a slower pace. RJio/Bharti added 11.2m/3.3m subscribers (2.4%/1.0% growth) against VIL's 4.6m decline (2.1% QoQ decline). The rate of subscriber loss for VIL remains consistent, with a loss of 4.6m subscribers aligning closely with the average decline of 4m subscribers per quarter observed over the last eight quarters. Companies continue to witness consistent growth in 4G subscribers, with both RJio/Bharti gaining around 11m/8m 4G subscribers in 3QFY24. In contrast, VIL's additions were more modest, totaling around 0.9m during the same period.

Margin profile remain robust

Incremental margin remained at a steady 64%. Margins have improved, led by lower network operating cost even in the aggressive rollout phase. Bharti (India Mobile)/ VIL reported 20bp/80bp improvements in margin to 55.1%/40.8%; RJio's margins remained stable at 52.3%.

Capex flattening since majority of the 5G roll-out completed

Bharti (India Mobile) is likely to reach the peak of its capex trajectory, as capex remained flat sequentially at INR78b. Conversely, VIL's capex was significantly lower than that of Bharti/RJio, primarily due to its inability to raise funds. Bharti and RJio have already deployed 5G in the majority of their operating circles, while VIL expects to rollout 5G in the next 6-7 months. Both Bharti and VIL continue their deleveraging efforts, with Bharti/VIL reducing their debt by INR51b/INR18b (VIL repayment towards bank debt only). As of now, the net debt for Bharti/VIL stood at INR1.4t/ INR2.1t. RJio net debt for 1HFY24 stood at INR1.5t.

VIL's provision continues to dent Indus margin: Indus booked a provision of INR641m for VIL's doubtful debts, bringing the total to INR57b. However, as per the new plan, VIL continues to make monthly payments. The negative FCF is attributed to substantial capex and a blockage of funds in trade receivables, primarily associated with VIL.

TCOM: Data segment, the key growth driver, reported flat/+2% sequential growth in adj. revenue/EBITDA. The cost synergies in integration of Kaleyra acquisition led to beat in EBITDA. Overall, revenue/EBITDA were flat QoQ, adjusting to acquisition performance.

- **Top picks:** Bharti
- **Positive surprise:** TCOM, VIL

Guidance highlights:

- **Bharti:** a) Capex is expected to remain elevated throughout the year, led by investments in 5G infrastructure and rural expansion initiatives. From next year, the capex is expected to moderate. b) Significant rollouts are expected in five circles (MP/CG, MH, GJ, WB and Kerala), where there exists an 18% gap between BHARTI and the leading player. In DTH, the focus will be mostly on MH, WB, and the southern regions. c) BHARTI need not call up the rights issue money. FCF will be allocated toward ongoing deleveraging efforts for the next 4-6 quarters. Following this period, the company aims to initiate dividend payments.
- **VIL:** a) Following the reduction in bank loans, the company's primary focus will shift toward the repayment of creditors/vendors. b) The company observed a loss of subscribers due to the shortened validity plan, prompting a strategic shift toward promoting unlimited plans. c) The company continues to upgrade non-4G sites to 4G sites, by reforming the spectrum. Expects 5G to roll out in the next 6-7 months.
- **Tata Communication:** a) Management reiterates the long-term target of 23-25%, but in the short term, margins are expected to decrease due to recent acquisitions, b) Cost synergies realized in 3QFY24 have resulted in a

positive EBITDA for Kaleyra in the first quarter itself. In the medium term, the company expects double-digit EBITDA margin for Kaleyra, c) Cash capex is expected to exceed accrued capex for the next couple of quarters, with overall capex intensity remaining high to push growth.

- **Indus Tower:** a) VIL collections improved in 3QFY24 and the company recognized INR3b against past overdue in addition to 100% monthly collections, which resulted in the reversal of provisions for doubtful debts, b) Order book is healthy and is expected to grow for the next couple of quarters. Hence, capex may remain elevated.

Exhibit 125: Operator-wise active subscriber market share (%)

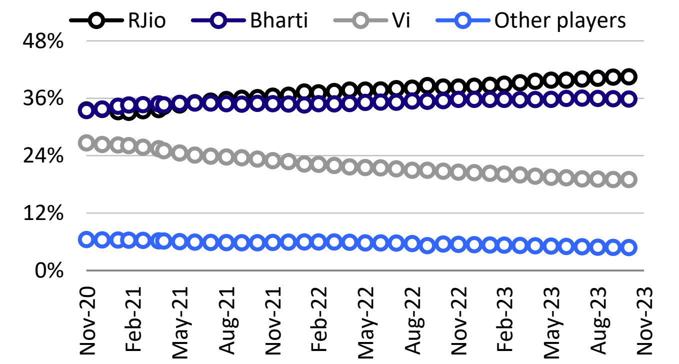


Exhibit 126: Operator-wise ARPU (INR)

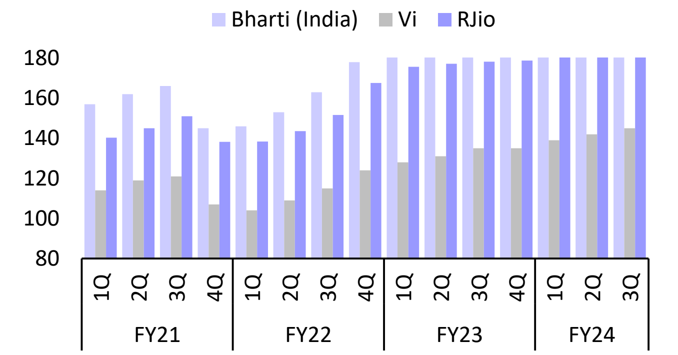


Exhibit 127: Wireless KPI comparison

	FY21				FY22				FY23				FY24			YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
EOP Wireless SUBS (m)																	
Bharti (India)	280	294	308	321	321	323	323	326	327	328	332	335	339	342	346	4.0	1.0
Idea	280	272	270	268	255	253	247	244	240	234	229	226	221	220	215	-5.9	-2.1
RJio	398	406	411	426	441	430	421	410	420	428	433	439	449	460	471	8.8	2.4
Avg. Wireless Subs (m)																	
Bharti (India)	282	287	301	315	321	322	323	324	327	328	330	334	337	340	344	4.2	1.0
Idea	285	276	271	269	262	254	250	246	242	237	232	227	224	221	218	-6.0	-1.4
RJio	393	402	408	419	433	435	425	416	415	424	430	436	444	454	465	8.1	2.5
ARPU (INR/month)																	
Bharti (India)	157	162	166	145	146	153	163	178	183	190	193	193	200	203	208	7.8	2.5
Vi	114	119	121	107	104	109	115	124	128	131	135	135	139	142	145	7.4	2.1
RJio	140	145	151	138	138	144	152	168	176	177	178	179	181	182	182	2.0	0.0
MOU/Sub (min)																	
Bharti (India)	994	1,005	1,027	1,053	1,044	1,053	1,061	1,081	1,104	1,082	1,094	1,122	1,138	1,123	1,127	3.0	0.4
Idea	678	673	673	657	641	630	620	610	620	599	613	623	627	613	614	0.2	0.2
RJio	756	773	796	820	815	835	901	962	1004	968	984	1001	1006	976	981	-0.3	0.5
Wireless traffic (B min)																	
Bharti (India)	820	861	925	997	1,002	1,020	1,030	1,051	1,079	1,063	1,082	1,124	1,149	1,148	1,161	7.3	1.1
Idea	579	555	547	529	503	480	465	449	450	427	426	425	421	406	401	-5.9	-1.2
RJio	891	932	975	1030	1060	1090	1150	1200	1250	1230	1270	1310	1340	1330	1370	7.9	3.0
Data usage/Sub (Gb)																	
Bharti (India)	16.7	16.4	16.8	16.8	18.9	19.1	18.7	19.2	19.9	20.8	20.8	20.8	21.6	22.2	22.5	8.2	1.2
Idea	11.0	10.6	10.9	11.7	13.3	13.5	12.8	12.9	13.3	14.1	14.2	14.2	14.7	14.9	14.6	2.6	-2.4
RJio	12.0	11.8	13.0	13.3	15.6	17.6	18.3	19.7	20.8	22.2	22.5	23.2	24.9	26.6	27.3	21.5	2.4
Data traffic (B Gb)																	
Bharti (India)	7.2	7.6	8.5	9.2	10.8	11.3	11.3	11.8	12.6	13.5	13.9	14.2	15.3	16.1	16.8	21.1	4.0
Idea	4.5	4.3	4.5	4.9	5.5	5.5	5.2	5.2	5.4	5.7	5.8	5.8	6.0	6.1	6.0	4.2	-1.9
RJio	14.2	14.2	15.9	16.7	20.3	23.0	23.4	24.6	25.9	28.2	29.0	30.3	33.2	36.3	38.1	31.4	5.0

Source: MOFSL, Company

ANNEXURE: MOFSL UNIVERSE (ACTUAL V/S EXPECTATIONS)

	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)
Automobiles	**28,03,215**	**19.9**	**2.4**	**1.0**	**3,86,539**	**43.7**	**5.0**	**4.2**	**2,22,999**	**59.7**	**9.9**	**19.4**
Amara Raja Energy	28,811	9.2	2.5	1.2	4,099	3.3	5.9	6.6	2,396	7.6	11.8	12.7
Apollo Tyres	65,954	2.7	5.0	3.9	12,081	32.3	4.2	8.2	5,070	81.9	5.0	16.1
Ashok Leyland	92,730	2.7	-3.8	1.0	11,139	39.7	3.2	16.1	5,804	62.7	0.6	18.6
Bajaj Auto	1,21,135	30.0	12.4	0.1	24,299	36.8	13.9	0.2	20,419	36.9	11.2	-0.1
Balkrishna Inds	23,158	4.5	3.1	-0.8	5,868	38.6	7.1	2.6	3,084	209.9	-7.9	-13.0
Bharat Forge	22,634	15.9	0.6	-3.4	6,455	30.8	4.7	1.0	3,778	32.1	8.7	1.1
Bosch	42,052	14.9	1.8	-0.1	5,784	43.3	17.7	18.9	4,734	48.5	17.7	23.6
CEAT	29,631	8.7	-3.0	-1.2	4,175	75.7	-8.5	-4.4	1,815	408.2	-12.8	2.1
Craftsman Auto	11,297	50.8	-4.2	-6.7	2,202	39.1	-7.3	-12.2	731	41.7	-22.7	-27.0
Eicher Motors	41,788	12.3	1.6	3.9	10,903	27.2	0.3	0.0	9,960	34.4	-2.0	3.3
Endurance Tech.	25,611	22.2	0.6	-2.7	2,990	24.8	-6.1	-13.6	1,523	40.7	-1.5	-13.4
Escorts Kubota	23,204	2.5	13.4	-6.9	3,127	64.3	18.8	-12.7	2,773	48.7	18.0	-8.7
Exide Inds.	38,405	12.6	-6.5	-6.2	4,399	9.7	-8.9	-7.0	2,403	7.7	-16.3	-11.0
Hero Motocorp	97,237	21.1	2.9	0.9	13,620	47.4	2.5	1.5	10,734	51.0	1.9	3.3
Mahindra & Mahindra	2,52,885	16.8	4.0	-0.8	32,364	15.0	5.6	-0.2	24,540	10.7	-28.9	5.2
Maruti Suzuki	3,33,087	14.7	-10.1	-0.5	39,079	37.9	-18.3	-3.9	31,300	33.1	-15.8	1.9
Motherson Wiring	21,173	25.5	0.6	3.7	2,620	46.4	5.6	2.7	1,679	58.1	7.7	3.1
MRF	60,478	9.3	-0.7	-1.6	10,394	89.5	-7.9	-7.3	5,080	200.2	-11.2	-8.6
Samvardhana Motherson	2,56,976	26.8	9.5	1.3	23,696	46.6	25.5	0.7	5,420	19.2	20.2	-36.9
Sona BLW Precis.	7,766	13.4	-1.8	-0.7	2,273	22.1	1.8	4.6	1,336	24.7	3.9	6.2
Tata Motors	11,05,771	25.0	5.2	3.0	1,53,333	59.0	11.7	11.5	70,913	139.7	83.9	102.2
Tube Investments	18,983	11.0	-3.6	-7.0	2,395	11.7	-4.7	-11.2	1,575	14.4	-13.2	-16.3
TVS Motor	82,450	26.0	1.2	-0.2	9,244	40.3	2.7	-2.3	5,934	68.2	10.6	8.5
Capital Goods	**8,19,875**	**17.3**	**7.9**	**0.4**	**92,221**	**18.5**	**5.7**	**-4.2**	**54,590**	**28.4**	**0.6**	**-4.8**
Bharat Electronics	41,367	0.1	3.6	-19.5	10,494	23.0	4.5	-9.2	8,933	49.2	10.0	13.0
Cummins India	25,341	16.2	33.4	14.9	5,379	30.5	58.9	58.6	4,566	26.8	39.0	46.9
Hitachi Energy	12,742	23.2	3.8	-4.6	680	72.4	4.1	-26.9	230	401.5	-7.2	-49.6
Kalpataru Proj.	41,470	18.2	7.9	-2.5	3,440	12.8	11.7	-0.2	1,440	29.7	27.4	8.6
KEC International	50,067	14.4	11.3	-4.9	3,079	54.0	12.2	-12.7	969	449.5	73.6	-15.3
Kirloskar Oil	11,352	13.5	7.2	-1.5	1,329	22.1	34.7	5.8	822	20.5	40.3	0.2
Larsen & Toubro	5,51,278	18.8	8.0	2.4	57,590	13.5	2.3	-7.1	29,474	20.0	-8.5	-15.1
Siemens	58,698	20.4	2.7	3.0	7,519	32.7	3.4	2.7	6,071	33.2	3.1	4.9
Thermax	23,244	13.4	1.0	-2.1	1,874	16.4	-8.4	-7.9	1,403	11.0	-11.5	-3.2
Triveni Turbine	4,317	32.5	11.3	1.4	837	32.7	12.6	1.3	683	29.8	6.7	3.6
Cement	**5,11,366**	**8.7**	**4.9**	**0.2**	**92,901**	**55.8**	**27.2**	**1.0**	**46,507**	**104.8**	**14.3**	**3.6**
ACC	49,183	8.4	10.9	8.7	9,032	138.7	64.7	33.7	5,275	212.1	37.3	35.3
Ambuja Cements	44,395	7.5	11.8	4.1	8,511	35.9	10.0	-11.1	5,137	23.8	-20.2	-19.7
Birla Corporation	23,120	14.7	1.1	-2.3	3,785	162.1	31.0	4.3	1,091	LP	86.4	6.5
Dalmia Bharat	36,000	7.3	14.3	3.2	7,750	20.3	31.6	4.1	2,690	33.8	126.1	24.0
Grasim Industries	64,003	3.3	-0.6	-0.8	5,225	9.5	-12.0	-9.8	2,363	46.9	-70.3	18.7
India Cements	10,819	-11.3	-11.5	-14.0	490	LP	505.4	-45.2	-345	Loss	Loss	Loss
JK Lakshmi Cem.	17,028	9.0	8.1	7.0	3,021	63.1	39.1	17.8	1,412	82.3	47.2	18.2
J K Cements	29,348	20.5	6.6	-0.4	6,251	152.7	33.9	7.1	2,838	628.0	58.0	22.1
Ramco Cements	21,061	4.8	-9.6	-6.5	3,954	38.9	-0.8	-10.3	934	38.6	-7.8	-28.6
Shree Cement	49,008	20.4	6.9	-3.4	12,337	74.3	41.8	8.8	7,342	165.3	49.4	31.5
Ultratech Cement	1,67,400	7.9	4.5	-0.4	32,546	39.3	27.6	-3.6	17,770	67.9	38.7	-7.2
Chemicals-Specialty	**63,205**	**-11.3**	**1.2**	**1.2**	**10,455**	**-21.6**	**-1.1**	**-4.7**	**6,541**	**-28.2**	**-5.5**	**-8.9**
Alkyl Amines	3,221	-17.1	-8.5	-4.4	596	-14.3	23.5	30.6	334	-26.8	22.7	25.2
Atul	11,378	-10.3	-4.7	3.1	1,517	-11.9	-2.3	37.7	721	-30.0	-21.0	27.5
Clean Science	1,947	-18.0	7.5	-2.4	866	-20.0	15.7	-3.2	626	-25.3	20.0	0.4
Deepak Nitrite	20,092	0.9	13.0	8.8	3,047	-3.2	0.8	-14.7	2,020	-3.4	-1.5	-19.2
Fine Organic	4,258	-43.2	-9.7	-4.3	924	-47.1	-11.5	0.7	697	-46.9	-12.2	-0.7
Galaxy Surfactants	9,405	-13.3	-4.3	-3.0	1,125	-27.0	-9.9	-15.8	714	-32.8	-7.8	-17.0
Navin Fluorine	5,018	-11.0	6.4	-9.7	757	-51.4	-23.1	-40.3	362	-66.1	-40.3	-45.3
NOCIL	3,406	4.6	-2.9	-7.5	477	28.4	8.2	-12.5	298	58.7	10.8	-14.8

	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)
Vinati Organics	4,480	-13.3	-3.2	7.0	1,147	-22.5	9.4	30.5	770	-28.0	6.2	18.7
Consumer	**7,91,668**	**3.8**	**-1.2**	**-2.7**	**1,95,295**	**8.6**	**-0.4**	**-1.9**	**1,49,716**	**14.3**	**4.7**	**4.1**
Asian Paints	91,031	5.4	7.4	-4.0	20,561	27.6	19.8	12.0	14,752	34.5	19.7	19.5
Britannia	42,563	1.4	-4.0	-3.0	8,211	0.4	-5.9	-2.8	5,599	0.8	-4.7	-1.8
Colgate	13,957	8.1	-5.1	1.5	4,684	29.6	-2.8	10.7	3,301	35.7	-2.9	14.5
Dabur	32,551	6.7	1.6	-0.6	6,678	8.1	1.1	-1.8	5,225	7.8	-0.2	-0.9
Emami	9,963	1.4	15.2	-1.7	3,149	7.0	34.7	3.2	2,828	11.0	43.7	2.7
Godrej Consumer	36,596	1.7	1.6	0.7	9,048	17.9	25.1	14.2	5,862	6.0	32.8	4.7
Hind. Unilever	1,51,880	-0.3	-0.6	-4.5	35,400	0.1	-4.2	-9.3	25,410	-1.5	-4.8	-9.9
Indigo Paints	3,538	25.8	26.8	3.9	622	53.5	47.7	8.1	376	43.0	48.2	5.3
ITC	1,64,833	1.6	-0.4	-3.9	60,243	-3.2	-0.3	-5.8	55,776	10.9	13.2	9.9
Jyothy Labs	6,775	10.6	-7.5	-0.2	1,186	40.6	-12.4	-4.5	909	34.9	-12.6	-0.5
Marico	24,220	-1.9	-2.2	0.1	5,130	12.5	3.2	1.4	3,830	16.8	8.5	6.3
Nestle	46,004	8.1	-8.7	-2.6	11,289	13.5	-9.5	-0.9	7,808	23.5	-3.1	3.0
P&G Hygiene	11,334	-0.3	-0.4	-8.6	3,097	6.6	8.7	-3.2	2,289	10.1	8.6	-3.8
Page Industries	12,288	2.4	9.2	-7.0	2,297	19.1	-1.7	-14.8	1,524	23.1	1.4	-14.4
Pidilite Inds.	31,300	4.4	1.8	-3.1	7,425	49.7	9.2	-1.1	5,107	66.8	11.0	1.6
Tata Consumer	38,039	9.5	1.9	0.8	5,724	26.2	6.6	9.8	3,475	18.7	-0.5	2.0
United Breweries	18,227	13.1	-3.5	0.5	1,456	89.9	-21.1	-31.8	849	274.9	-21.2	-31.7
United Spirits	29,893	7.5	4.3	1.9	4,914	33.6	4.5	15.5	3,481	61.0	9.4	31.6
Varun Beverages	26,677	20.5	-31.1	-0.2	4,183	36.0	-52.6	1.9	1,318	76.3	-73.7	-3.3
EMS	**18,908**	**39.0**	**13.0**	**-6.2**	**2,147**	**21.4**	**22.9**	**-12.0**	**1,367**	**35.6**	**16.1**	**-6.7**
Avalon Tech	2,143	-7.9	6.6	-19.9	165	-18.1	31.3	-35.3	66	14.7	-9.6	-54.3
Cyient DLM	3,210	49.7	10.0	-0.2	294	42.6	25.0	1.0	184	222.9	25.8	26.7
Data Pattern	1,395	24.8	28.8	-0.2	600	27.6	47.3	11.3	510	53.0	50.8	36.2
Kaynes Tech	5,093	76.2	41.1	3.6	699	69.8	43.2	-0.6	452	97.7	39.9	1.3
Syrma SGS Tech.	7,067	37.9	-0.7	-11.1	388	-18.9	-20.8	-40.3	155	-53.2	-47.7	-56.3
Financials	**26,54,553**	**12.9**	**3.7**	**0.4**	**14,16,488**	**5.3**	**1.9**	**1.4**	**8,74,849**	**22.3**	**2.6**	**4.6**
Banks-Private	**8,59,833**	**17.7**	**3.5**	**-0.6**	**6,43,904**	**14.2**	**3.9**	**-0.2**	**4,19,626**	**22.4**	**1.0**	**-0.5**
AU Small Finance	13,249	14.9	6.1	0.3	6,571	18.2	1.4	-1.2	3,752	-4.5	-6.6	-10.4
Axis Bank	1,25,322	9.4	1.8	-1.4	91,412	-1.5	5.9	0.6	60,711	3.7	3.5	-0.2
Bandhan Bank	25,254	21.4	3.4	-2.1	16,553	-13.9	4.5	-4.8	7,327	152.2	1.6	-7.2
DCB Bank	4,740	6.3	-0.4	-3.4	2,115	9.0	0.5	-8.0	1,266	11.2	-0.2	-6.1
Equitas Small Fin.	7,851	21.3	2.6	-0.6	3,603	29.1	9.1	2.3	2,020	18.7	1.9	-1.6
Federal Bank	21,234	8.5	3.3	-1.5	14,373	12.8	8.5	3.2	10,067	25.3	5.5	6.5
HDFC Bank	2,84,713	23.9	4.0	-2.3	2,36,473	24.3	4.2	-1.5	1,63,725	33.5	2.5	0.8
ICICI Bank	1,86,786	13.4	2.0	1.0	1,47,236	10.9	3.5	4.1	1,02,715	23.6	0.1	2.9
IDFC First Bank	42,866	30.5	8.5	2.6	15,625	23.9	3.5	-2.5	7,157	18.4	-4.7	-7.9
IndusInd Bank	52,956	17.8	4.3	0.0	40,423	9.7	3.4	-0.7	23,014	17.2	4.5	-1.2
Kotak Mahindra Bank	65,535	15.9	4.1	0.6	45,662	18.6	-1.0	-5.5	30,050	7.6	-5.8	-10.5
RBL Bank	15,459	21.1	4.8	1.7	7,652	34.9	4.7	-2.4	2,330	11.5	-20.7	-26.3
SBI Cards	13,870	21.2	6.9	2.5	16,205	33.1	4.5	2.7	5,491	7.8	-8.9	-8.5
Banks-PSU	**8,56,092**	**6.0**	**1.9**	**-0.3**	**5,18,622**	**-8.7**	**-1.8**	**3.6**	**3,05,674**	**21.3**	**3.8**	**17.0**
Bank of Baroda	1,11,013	2.6	2.5	0.0	70,151	-14.8	-12.5	-8.1	45,793	18.9	7.7	8.6
Canara Bank	94,171	9.5	5.8	2.1	68,055	-2.1	-10.6	-7.4	36,561	26.9	1.4	3.6
Indian Bank	58,142	5.7	1.3	-0.4	40,972	0.9	-4.8	0.1	21,194	51.8	6.6	9.0
Punjab National Bank	1,02,928	12.1	3.7	2.0	63,307	10.8	1.8	-1.9	22,228	253.5	26.6	19.4
State Bank	3,98,157	4.6	0.8	-0.9	2,03,361	-19.4	4.7	16.8	1,44,000	1.4	0.5	30.7
Union Bank	91,680	6.3	0.5	-2.7	72,776	9.9	0.8	2.2	35,899	59.9	2.2	0.9
Insurance	**6,31,649**	**11.5**	**5.8**	**2.5**	**32,929**	**-4.0**	**7.6**	**4.3**	**17,863**	**9.3**	**-4.0**	**-9.1**
HDFC Life Insur.	1,55,259	6.5	3.9	-6.8	8,560	-2.2	6.9	-9.6	3,651	15.8	-3.1	4.2
ICICI Lombard	43,048	13.5	0.0	-1.9	-2,823	Loss	Loss	Loss	4,315	22.4	-25.3	-27.1
ICICI Pru Life	1,02,850	5.2	-1.4	1.7	4,360	-29.4	-24.4	-15.1	2,275	3.1	-6.9	-18.0
Max Financial	72,970	16.1	10.1	-1.5	4,890	-17.5	17.5	13.9	1,510	-34.9	-3.8	1.6
SBI Life Insurance	2,24,586	16.2	11.3	13.8	16,800	11.3	12.8	16.4	3,218	5.8	-15.4	-19.9
Star Health	32,936	14.9	2.7	-0.1	1,142	-9.2	LP	LP	2,896	37.6	131.1	48.7
NBFC - Lending	**2,73,943**	**22.6**	**5.1**	**0.8**	**2,07,160**	**22.9**	**4.6**	**1.1**	**1,20,585**	**26.3**	**6.2**	**-0.9**
AAVAS Financiers	2,208	6.1	-0.7	-3.5	1,577	11.5	-3.3	-5.8	1,166	8.7	-4.2	-9.6

	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)
Bajaj Finance	76,553	29.3	6.4	0.1	61,422	26.6	5.3	-0.6	36,374	22.3	2.4	-2.3
Can Fin Homes	3,288	30.6	3.8	0.4	2,865	34.6	6.0	3.5	2,001	32.1	26.6	0.8
Chola. Inv & Fin.	21,709	35.8	7.7	-1.2	15,157	40.4	6.7	0.3	8,762	28.0	14.9	2.9
CreditAccess	8,029	48.5	5.1	2.0	6,018	59.0	7.0	6.8	3,533	63.7	1.8	1.5
Fusion Micro	3,386	34.2	10.7	5.0	2,603	41.6	7.6	4.0	1,265	23.4	0.6	-7.5
Home First Fin.	1,344	21.4	1.7	-2.6	1,097	34.5	5.1	1.2	788	34.5	6.1	0.3
L&T Fin.Holdings	19,529	7.2	5.9	3.3	13,382	7.2	3.1	3.1	6,402	41.1	7.7	2.5
LIC Housing Fin	20,972	30.6	-0.4	6.7	18,845	39.0	-0.8	9.3	11,629	142.1	-2.1	6.0
M & M Financial	16,983	9.4	7.0	0.6	10,625	6.4	12.7	3.8	5,528	-12.1	135.0	3.9
Manappuram Finance	14,524	33.0	7.2	3.3	9,361	58.1	8.0	5.2	5,753	46.2	2.6	-0.9
MAS Financial	1,620	30.8	6.6	-0.2	1,102	34.8	6.4	1.9	624	23.5	4.0	-2.2
Muthoot Finance	19,057	11.8	2.5	0.6	13,942	10.4	3.9	2.0	10,273	13.9	3.7	0.9
PNB Housing	5,929	-17.3	-8.2	-10.7	4,994	-25.9	-9.5	-13.7	3,384	25.8	-11.6	-15.3
Poonawalla Fincorp	4,907	62.9	3.4	-6.1	3,502	124.8	4.4	-4.7	2,651	76.3	15.3	1.9
Repco Home Fin	1,635	17.8	-3.6	-6.4	1,370	24.5	2.4	-1.3	994	23.1	1.4	-2.1
Shriram Finance	49,110	17.1	6.9	1.5	36,893	11.7	6.0	-0.3	18,183	2.3	3.9	-3.6
Spandana Sphoorty	3,161	45.7	0.1	-4.3	2,405	71.0	-6.6	7.3	1,274	78.5	1.8	-4.2
NBFC - Non Lending	**33,036**	**40.7**	**6.4**	**0.1**	**13,873**	**24.5**	**-2.7**	**-8.2**	**11,100**	**29.6**	**1.1**	**-4.8**
360 ONE WAM	4,400	6.0	3.0	-2.7	2,090	-8.6	-1.9	-11.0	1,931	12.6	3.7	2.4
Angel One	6,875	48.7	1.9	-2.0	3,510	16.1	-13.8	-16.4	2,604	14.0	-14.5	-17.3
BSE	3,717	82.2	18.2	-2.4	937	44.6	-34.4	-42.3	1,076	71.1	-9.6	-22.6
Cams Services	2,897	18.9	5.3	0.9	1,294	19.6	5.9	1.9	885	20.3	5.7	1.4
ICICI Securities	13,232	50.4	5.9	1.5	6,239	65.3	9.6	6.7	4,657	65.7	9.9	5.9
MCX	1,915	33.4	16.0	8.5	-197	PL	Loss	Loss	-54	PL	Loss	Loss
Healthcare	**7,63,510**	**10.3**	**0.3**	**-0.2**	**1,67,916**	**12.9**	**-1.9**	**-2.2**	**1,00,694**	**16.8**	**-4.1**	**-3.0**
Ajanta Pharma	11,052	13.7	7.5	7.4	3,217	48.7	10.7	19.7	2,125	30.4	14.1	10.9
Alembic Pharma	16,309	8.1	2.3	2.5	2,667	7.2	28.1	14.8	1,808	36.5	31.9	23.0
Alkem Lab	33,239	9.3	-3.4	2.5	7,076	18.1	-5.2	19.9	6,423	41.3	-4.9	42.1
Apollo Hospitals	48,506	13.8	0.1	3.0	6,137	21.4	-2.2	3.4	2,453	59.8	5.9	3.9
Aurobindo Pharma	73,518	14.7	1.8	0.3	16,014	67.8	14.1	5.1	9,028	87.4	16.0	9.7
Biocon	36,037	22.5	4.1	-2.3	5,767	-16.3	-22.2	-32.6	-1,704	PL	PL	PL
Cipla	66,038	13.7	-1.1	2.0	17,475	24.2	0.8	12.4	11,967	49.4	1.9	23.4
Divis Labs	18,550	8.6	-2.8	-8.8	4,890	19.8	-2.0	-13.5	3,448	25.9	-2.8	-14.8
Dr Reddy' s Labs	72,148	6.6	4.9	5.0	20,290	-1.3	1.6	6.2	13,775	5.1	3.7	13.7
ERIS Lifescience	4,863	14.9	-3.8	-0.1	1,755	27.9	-3.1	1.0	1,027	1.2	-16.8	-6.0
Gland Pharma	15,452	64.7	12.5	9.0	3,742	29.2	15.5	8.2	2,039	-12.1	5.1	-12.7
Glenmark Pharma	25,067	-27.6	-21.8	-22.6	-1,444	PL	PL	PL	-3,486	PL	PL	PL
Global Health	8,326	19.9	-1.3	0.8	2,177	33.8	-0.4	5.0	1,236	53.3	-1.3	0.9
Granules India	11,556	0.8	-2.9	-6.1	2,505	8.3	17.6	4.4	1,257	1.1	23.0	-3.0
GSK Pharma	8,053	0.4	-15.9	-6.2	2,181	-4.7	-24.7	-1.6	2,090	18.8	-3.9	20.6
Ipca Labs.	20,529	32.8	0.9	-3.2	3,310	42.7	-8.2	-1.2	1,115	-6.1	-34.0	-28.6
Laurus Labs	11,949	-22.6	-2.4	-15.7	1,814	-55.0	-3.4	-44.6	231	-88.6	-37.4	-84.2
Lupin	51,974	20.2	3.2	7.4	10,220	83.8	10.7	20.7	5,997	256.1	21.4	43.4
Max Healthcare	16,820	14.9	-2.2	0.8	4,650	14.8	-3.9	1.3	3,413	20.3	-3.3	-3.6
Piramal Pharma	19,586	14.1	2.5	-2.3	2,684	124.1	1.0	-12.5	350	LP	594.4	-57.4
Sun Pharma	1,21,569	10.5	1.3	-0.9	31,284	13.2	3.4	-0.8	24,769	19.2	3.0	-1.1
Torrent Pharma	27,320	9.7	2.7	-0.3	8,690	17.6	5.3	-0.6	3,812	19.1	-1.2	-13.5
Zydus Lifesciences	45,052	5.8	3.1	2.5	10,818	20.3	1.7	4.5	7,520	29.6	1.9	13.6
Infrastructure	**46,804**	**10.3**	**9.9**	**1.3**	**12,448**	**5.7**	**7.8**	**-1.7**	**4,200**	**6.8**	**31.7**	**-6.8**
G R Infraproject	18,064	-4.9	14.8	-3.8	2,280	-17.6	17.7	-14.5	1,471	-15.5	19.3	-15.0
IRB Infra	19,685	30.0	12.8	8.0	8,695	16.8	9.4	4.1	1,874	32.6	95.7	4.7
KNR Constructions	9,054	9.1	-3.8	-1.4	1,473	-5.6	-11.4	-10.4	855	10.1	-14.3	-13.6
Logistics	**1,39,559**	**22.4**	**3.0**	**-2.2**	**51,240**	**30.9**	**5.8**	**0.7**	**28,742**	**37.2**	**3.6**	**5.6**
Adani Ports	69,201	44.6	4.1	0.8	41,860	39.0	7.9	3.4	23,542	51.5	6.0	11.2
Blue Dart Express	13,829	3.4	4.4	-1.5	1,343	-10.8	2.9	-9.3	816	-6.2	14.4	-3.0
Concor	22,051	10.9	0.7	-7.0	5,117	20.0	-4.8	-7.4	3,344	12.8	-6.5	-6.7
Mahindra Logistics	13,972	5.1	2.4	-5.9	522	-16.8	-2.5	-19.1	-212	PL	Loss	Loss
TCI Express	3,119	-0.8	-2.5	-8.3	456	-1.1	-9.7	-17.8	322	0.5	-9.5	-17.6

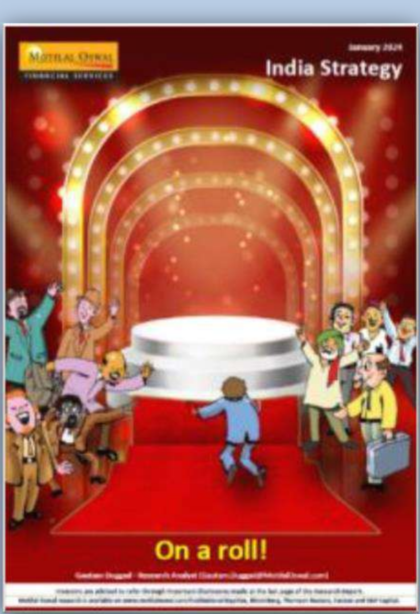
	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)
Transport Corp.	10,020	3.7	0.9	-3.6	999	-12.7	-0.5	-8.7	794	-7.4	-8.7	-11.1
VRL Logistics	7,367	8.1	3.9	-4.7	944	-8.6	2.8	-12.8	137	-63.7	-29.5	-59.1
Media	**44,771**	**1.2**	**-17.9**	**-0.2**	**9,854**	**-14.2**	**-33.3**	**0.2**	**5,709**	**-0.8**	**-31.7**	**12.6**
PVR Inox	15,459	6.2	-22.7	2.6	2,025	-3.1	-52.6	10.4	412	47.7	-80.1	77.5
Sun TV	8,855	3.3	-13.0	-1.3	5,738	0.1	-19.9	-2.3	4,373	5.0	-4.1	12.0
Zee Entertainment	20,457	-3.0	-16.1	-1.7	2,092	-42.9	-37.1	-1.6	924	-29.6	-46.5	-1.1
Metals	**27,28,716**	**0.7**	**-0.9**	**-0.9**	**5,10,623**	**27.0**	**20.1**	**20.2**	**2,29,933**	**73.5**	**28.5**	**38.3**
Coal India	3,61,540	2.8	10.3	3.9	1,19,364	6.2	34.2	40.7	90,692	16.9	33.4	60.1
Hindalco	5,28,080	-0.6	-2.5	4.0	58,650	65.3	4.5	-4.8	23,310	71.1	7.7	-19.1
Hindustan Zinc	73,100	-7.1	7.6	-2.1	35,210	-5.0	12.2	4.7	20,280	-5.9	17.3	11.2
JSPL	1,17,013	-6.0	-4.5	-1.7	28,426	19.6	24.4	33.8	19,283	114.9	38.9	120.1
JSW Steel	4,19,400	7.2	-5.9	1.9	71,800	57.9	-9.0	9.0	22,800	365.3	-25.6	8.5
Nalco	33,469	1.7	10.0	2.9	7,731	68.2	95.0	61.7	4,706	83.6	151.2	99.5
NMDC	54,099	45.4	34.8	11.6	20,072	76.0	68.6	36.2	16,792	84.0	63.6	35.9
SAIL	2,33,486	-6.8	-16.5	-10.4	21,425	3.1	0.8	0.3	3,465	42.1	0.5	35.7
Tata Steel	5,53,119	-3.1	-0.7	-9.9	62,636	54.7	46.8	24.8	8,475	LP	20.6	47.4
Vedanta	3,55,410	4.2	4.0	5.5	85,310	20.7	27.0	28.0	20,130	29.0	312.5	106.6
Oil & Gas	**77,79,182**	**-1.0**	**7.0**	**5.5**	**9,28,670**	**24.3**	**-18.7**	**6.8**	**4,63,588**	**37.4**	**-25.7**	**13.7**
Oil Ex OMCs	**35,20,137**	**0.0**	**1.1**	**-3.8**	**6,89,720**	**9.5**	**-3.2**	**-1.8**	**3,43,692**	**10.3**	**-4.1**	**1.4**
Aegis Logistics	18,734	-10.2	51.7	2.1	2,118	-2.0	1.7	-3.3	1,301	3.8	2.5	-0.6
BPCL	11,54,942	-3.1	12.1	15.1	62,791	43.5	-51.7	-0.7	33,973	73.4	-60.0	4.0
Castrol India	12,640	7.5	6.9	0.4	3,291	31.3	22.5	11.0	2,419	25.2	24.4	11.9
GAIL	3,42,535	-3.2	7.6	-3.2	38,226	1,362.7	9.5	10.1	28,426	1,056.8	18.2	17.6
Gujarat Gas	39,291	6.6	2.2	-3.1	4,007	-31.2	-19.3	-21.2	2,203	-40.7	-26.0	-27.2
Gujarat State Petronet	4,555	30.7	0.5	2.6	3,796	40.6	-7.5	1.3	2,622	53.4	-50.7	2.3
HPCL	11,13,063	1.6	16.3	16.5	21,272	2.5	-75.2	-32.2	5,290	206.8	-89.7	-56.7
Indraprastha Gas	35,562	-4.2	2.8	5.8	5,641	31.7	-14.1	-15.2	3,921	40.9	-26.7	-14.3
IOC	19,91,040	-2.8	10.8	13.1	1,54,887	192.5	-27.3	113.4	80,634	1,699.8	-37.8	238.3
Mahanagar Gas	15,688	-6.1	-0.1	2.1	4,487	75.2	-6.3	0.0	3,172	84.3	-6.3	0.7
MRPL	2,46,769	-7.1	28.3	5.3	11,843	121.0	-47.2	-28.6	3,871	LP	-63.5	-46.8
Oil India	58,150	-1.1	-1.7	-3.5	21,058	-26.2	-15.4	-8.3	15,843	-9.3	-17.0	8.1
ONGC	3,47,881	-9.8	-1.1	-0.6	1,71,635	-15.9	-6.5	-4.1	95,357	-13.7	-6.7	4.2
Petronet LNG	1,47,472	-6.5	17.7	11.5	17,060	1.8	40.4	36.0	11,907	0.9	45.5	44.5
Reliance Inds.	22,50,860	3.6	-2.9	-6.3	4,06,560	15.3	-0.8	-1.1	1,72,650	9.2	-0.7	-2.1
Real Estate	**1,06,010**	**5.4**	**6.9**	**-6.8**	**32,471**	**5.9**	**11.5**	**-2.7**	**21,730**	**10.2**	**13.0**	**-2.8**
Brigade Enterpr.	11,738	43.1	-14.1	15.1	2,620	26.0	-19.3	-2.0	735	29.2	-44.9	-24.1
DLF	15,213	1.8	12.9	-22.9	5,110	7.1	10.5	-28.9	6,557	26.4	5.4	-22.8
Godrej Properties	3,304	68.4	-3.7	201.8	-416	Loss	Loss	Loss	627	11.2	-13.7	33.4
Macrotech Developers	29,306	65.2	67.5	4.4	8,827	118.6	112.1	30.0	5,700	90.0	171.4	35.7
Mahindra Lifespace	820	-56.1	361.4	184.4	-390	Loss	Loss	Loss	500	LP	LP	LP
Oberoi Realty	10,536	-35.3	-13.5	-6.8	5,094	-45.8	-20.2	-10.2	3,602	-48.7	-21.2	-10.0
Phoenix Mills	9,861	44.2	12.7	6.1	5,518	43.5	7.4	-2.8	2,793	58.3	7.2	1.2
Prestige Estates	17,958	-22.5	-19.7	-25.2	5,515	-4.0	-6.9	-17.2	1,163	-9.0	-37.3	-39.9
Sobha	6,849	-21.1	-7.6	-25.9	741	-16.5	-1.8	-23.6	151	-52.6	0.9	-54.6
Sunteck Realty	424	-52.5	70.1	-7.4	-148	PL	Loss	Loss	-97	PL	Loss	Loss
Retail	**4,71,361**	**17.5**	**12.7**	**-1.6**	**61,091**	**14.9**	**22.6**	**-6.1**	**26,931**	**7.3**	**27.7**	**-16.9**
Aditya Birla Fashion	41,667	16.1	29.1	6.5	5,533	27.0	71.1	18.6	-1,149	PL	Loss	Loss
Avenue Supermarts	1,35,725	17.3	7.5	-0.1	11,199	16.0	11.4	-1.1	6,911	17.2	10.9	-3.2
Barbeque Nation	3,309	0.8	9.7	-0.7	663	7.0	49.4	20.6	48	-2.4	LP	LP
Bata India	9,035	0.4	10.3	-4.9	1,824	-11.5	0.4	-28.3	580	-30.2	-9.6	-50.3
Campus Activewear	4,720	1.4	82.5	-4.5	563	-38.8	129.9	-53.1	249	-48.5	7,678.1	-65.2
Devyani Intl.	8,431	6.6	2.9	-3.5	1,463	-15.9	-7.8	-17.2	51	-93.5	-90.0	-87.3
Jubilant Foodworks	13,551	2.9	0.8	-8.9	2,827	-2.5	0.7	-23.1	610	-31.2	-15.5	-55.7
Metro Brands	6,355	6.1	14.4	-11.8	1,990	-3.0	28.1	-17.0	981	-13.2	46.1	-24.5
Raymond	23,862	10.1	5.9	-0.9	3,619	13.4	15.0	0.8	1,878	79.8	7.2	-9.2
Relaxo Footwear	7,127	4.7	-0.4	-4.5	872	20.7	-4.8	-3.5	386	28.3	-12.7	-0.9
Restaurant Brands	4,454	20.5	-1.8	-1.8	708	47.9	11.6	3.0	-64	Loss	Loss	Loss
Sapphire Foods	6,656	11.6	3.6	-1.6	1,217	4.3	5.7	-1.8	98	-69.9	-35.4	-51.9

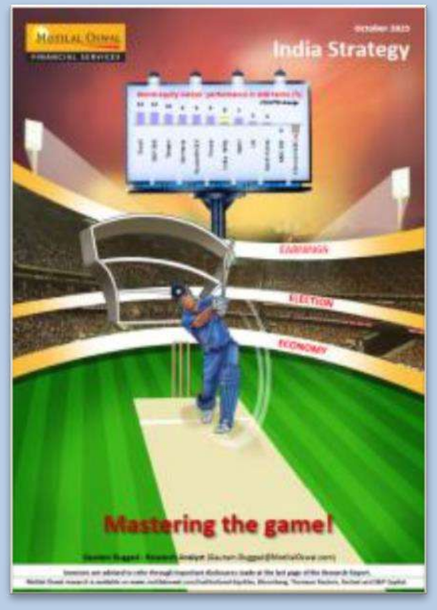
	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)		Var. over		Gr (%)		Var. over		Gr (%)		Var. over
	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)	Dec-23	YoY	QoQ	Exp. (%)
Shoppers Stop	12,068	6.6	17.7	1.3	2,154	1.5	34.8	-3.6	356	-42.7	432.3	-30.5
Titan Company	1,41,640	22.0	13.0	-2.5	15,650	16.2	10.9	-11.4	10,530	15.5	15.1	-15.2
Trent	33,125	52.5	14.6	-4.7	6,232	85.7	35.2	5.5	3,436	113.5	18.6	7.7
Vedant Fashions	4,745	7.5	117.3	-6.3	2,420	7.8	160.8	-7.7	1,577	4.9	223.7	-9.5
V-Mart Retail	8,891	14.4	61.8	0.0	1,197	15.4	17,764	21.4	282	41.3	LP	237.2
Westlife Foodworld	6,003	-1.8	-2.4	-8.3	960	-12.9	-3.6	-11.1	172	-52.6	-22.8	-43.4
Staffing	**1,03,606**	**10.5**	**2.6**	**-3.4**	**3,685**	**21.4**	**8.5**	**-4.9**	**1,482**	**-11.2**	**-16.0**	**-35.9**
Quess Corp	48,418	8.4	2.0	-5.3	1,810	24.3	10.7	-6.8	838	142.7	14.0	-13.1
SIS	30,734	5.8	0.0	-4.3	1,514	19.8	4.8	-2.2	369	-64.3	-50.9	-62.7
Team Lease Serv.	24,454	21.8	7.6	1.8	361	14.0	13.6	-6.2	275	-5.3	-0.4	-23.5
Technology	**18,57,799**	**2.4**	**1.5**	**1.1**	**4,24,719**	**-0.4**	**2.6**	**4.3**	**2,83,935**	**-0.2**	**2.4**	**1.9**
Coforge	23,233	13.0	2.1	-0.4	4,012	11.0	15.5	-0.6	2,380	4.3	31.6	-11.1
Cyient	18,215	12.6	2.4	-1.0	3,261	17.1	0.1	-4.7	1,858	14.1	1.5	-7.8
HCL Technologies	2,84,460	6.5	6.7	1.5	67,073	6.1	12.6	11.1	43,500	6.2	13.5	7.9
Infosys	3,88,210	1.3	-0.4	0.8	97,458	-4.5	-3.2	2.0	61,060	-7.3	-1.7	-0.9
L&T Technology	24,218	18.2	1.5	-0.3	4,877	10.5	2.5	-0.6	3,362	10.7	6.6	-2.9
LTIMindtree	90,166	4.6	1.2	-0.3	15,849	8.9	-2.8	-2.1	11,693	8.2	0.6	1.4
Mphasis	33,380	-4.8	1.9	0.4	6,007	-2.7	0.9	5.6	3,736	-9.4	-4.7	-1.5
Persistent Systems	24,982	15.2	3.6	0.0	4,418	10.0	9.1	4.0	2,861	6.9	8.7	6.8
TCS	6,05,830	4.0	1.5	1.5	1,63,961	5.2	4.4	3.5	1,17,740	8.2	3.5	1.1
Tech Mahindra	1,31,013	-4.6	1.8	2.5	13,547	-36.8	-3.7	-0.9	7,187	-44.6	-26.5	-8.7
Wipro	2,22,051	-4.4	-1.4	0.6	42,181	-10.0	-0.3	9.1	26,942	-11.7	1.8	8.1
Zensar Tech	12,041	0.5	-3.0	0.9	2,076	53.9	-10.1	8.0	1,616	111.2	-7.0	30.7
Telecom	**6,14,049**	**6.4**	**2.7**	**-0.6**	**2,88,835**	**16.1**	**2.3**	**-0.2**	**-34,790**	**Loss**	**Loss**	**Loss**
Bharti Airtel	3,78,995	5.9	2.3	-0.3	1,98,148	7.4	1.5	-1.5	24,916	25.0	-15.8	-16.6
Indus Towers	71,990	6.4	0.9	-0.7	35,840	208.3	4.7	3.5	15,405	LP	19.0	24.5
Tata Comm	56,333	24.4	15.6	-1.8	11,343	5.3	11.7	9.2	2,303	-41.5	4.1	-27.4
Vodafone Idea	1,06,731	0.5	-0.4	-0.7	43,504	4.1	1.6	0.7	-77,414	Loss	Loss	Loss
Others	**6,84,655**	**1.1**	**5.6**	**-1.0**	**1,02,497**	**-4.1**	**15.5**	**-2.4**	**49,211**	**-5.0**	**55.2**	**-1.7**
APL Apollo Tubes	41,778	-3.5	-9.8	-1.3	2,795	2.5	-14.0	0.2	1,655	-2.2	-18.4	-2.1
Coromandel International	54,642	-34.2	-21.8	-14.0	3,578	-54.2	-66.2	-34.3	2,310	-56.2	-69.5	-34.8
EPL	9,751	3.2	-2.6	-4.7	1,834	23.1	1.3	-4.4	861	37.1	70.5	30.6
Godrej Agrovet	23,452	0.9	-8.8	0.6	1,591	16.7	-21.0	11.8	918	43.5	-12.8	46.7
Havells India	44,139	7.1	13.2	-0.1	4,327	2.1	15.9	-3.2	2,879	1.4	15.6	-5.9
Indiamart Inter.	3,053	21.4	3.6	-1.2	853	21.5	7.0	-1.6	807	31.8	16.8	7.2
Indian Hotels	19,638	16.5	37.0	2.6	7,324	22.6	106.4	3.4	4,520	18.1	170.8	7.9
Info Edge	5,954	7.2	0.4	-0.5	2,407	11.0	-0.2	3.8	2,136	11.4	-0.1	7.4
Interglobe Aviation	1,94,521	30.3	30.2	1.0	54,433	71.0	127.6	16.0	29,985	111.4	1,496.1	21.9
Kajaria Ceramics	11,518	5.6	2.7	0.1	1,788	34.3	-0.5	-1.1	1,042	40.2	-3.5	-4.8
Lemon Tree Hotel	2,887	23.6	27.1	-2.6	1,397	10.5	37.2	-3.4	354	-11.4	56.3	-13.2
One 97 Comm.	28,510	38.2	13.2	4.6	-1,580	Loss	Loss	Loss	-2,200	Loss	Loss	Loss
P I Industries	18,975	17.6	-10.4	0.7	5,536	33.4	0.4	17.7	4,486	27.5	-6.6	27.7
SRF	30,530	-12.0	-3.9	-6.8	5,839	-31.2	-9.5	-8.3	2,715	-48.4	-15.1	-10.3
Tata Chemicals	37,300	-10.1	-6.7	-2.4	5,420	-41.2	-33.8	-29.4	1,580	-60.3	-55.0	-36.2
UPL	98,870	-27.7	-2.8	-1.7	4,160	-86.3	-73.6	-59.7	-5,913	PL	PL	Loss
Voltas	26,257	30.9	14.5	8.0	284	-62.8	-59.6	-74.8	-304	PL	PL	PL
Zomato	32,880	68.8	15.4	6.5	510	LP	LP	199.6	1,380	LP	283.3	76.0

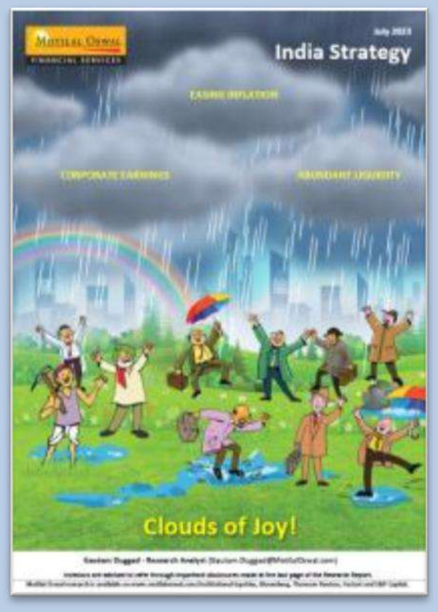
NOTES

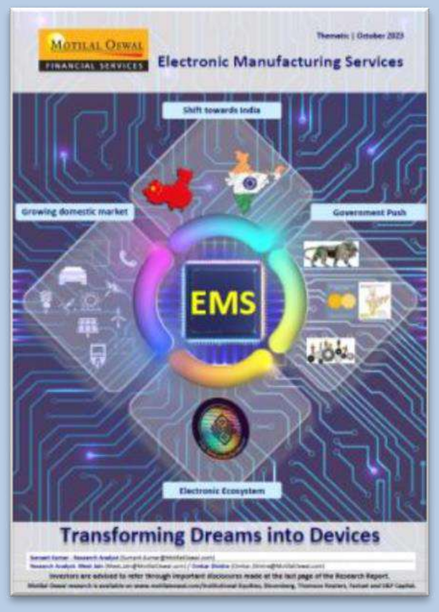
REPORT GALLERY

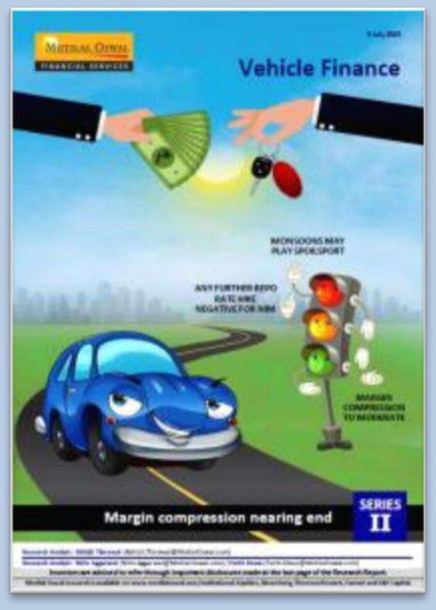
RECENT STRATEGY/THEMATIC REPORTS

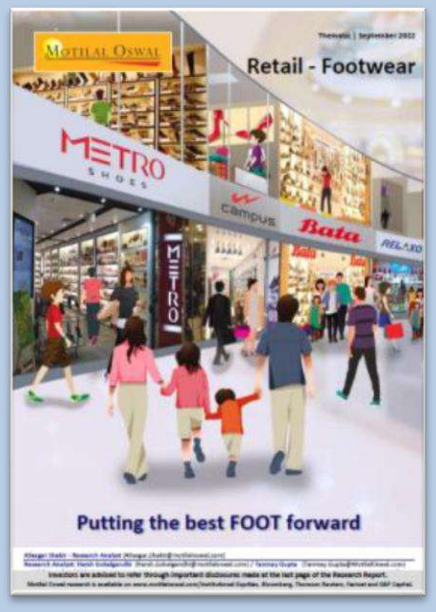


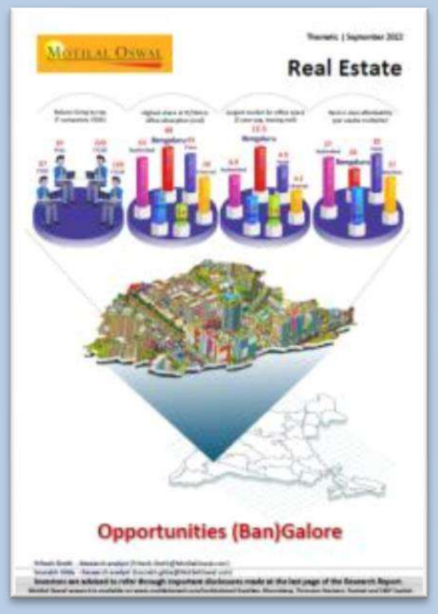












Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*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

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