Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	76,490	-0.3	5.9
Nifty-50	23,259	-0.1	7.0
Nifty-M 100	53,236	0.1	15.3
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,361	0.3	12.4
Nasdaq	17,193	0.3	14.5
FTSE 100	8,228	-0.2	6.4
DAX	18,495	-0.3	10.4
Hang Seng	6,510	0.0	12.9
Nikkei 225	39,038	0.9	16.7
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	80	2.1	3.1
Gold ($/OZ)	2,311	0.7	12.0
Cu (US$/MT)	9,766	1.3	15.4
Almn (US$/MT)	2,510	-0.4	7.0
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.5	0.2	0.4
USD/EUR	1.1	-0.3	-2.5
USD/JPY	157.0	0.2	11.3
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.0	0.02	-0.1
10 Yrs AAA Corp	7.6	0.04	-0.1
Flows (USD b)	**10-Jun**	**MTD**	**CYTD**
FIIs	0.3	-1.08	-4.1
DIIs	0.33	1.00	25.7
Volumes (INRb)	**10-Jun**	**MTD***	**YTD***
Cash	1,369	1873	1223
F&O	2,55,422	3,46,769	3,75,181

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research theme

India Strategy: Corporate profit to GDP – Rebounds to a 15-year high in FY24!

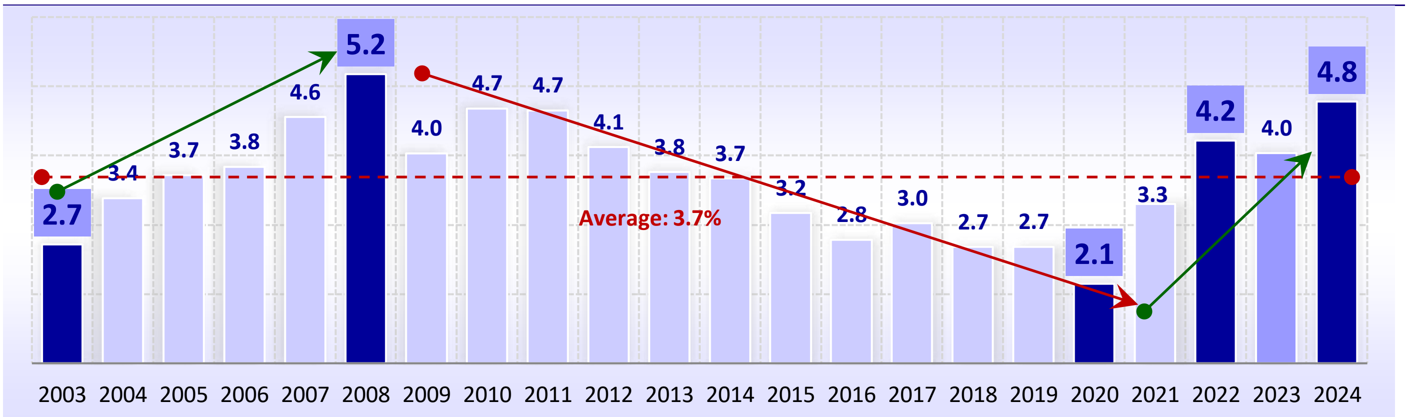
- In 2024, the corporate profit to GDP ratio for the Nifty-500 Universe and listed India Inc. swelled to 4.8% and 5.2%, respectively, scaling a 15-year high.
- The YoY improvement was led by the BFSI, Oil & Gas, and Automobile sectors, which contributed 95% of the total improvement. Conversely, Metals, Technology, and Chemicals contributed adversely. The 0.8% YoY improvement in the 2024 profit to GDP ratio for Nifty-500 was propelled by the BFSI (0.3% increase), Oil & Gas (0.3% rise), and Automobile (0.2% increase) sectors.
- The corporate profit for the Nifty-500 universe grew at a faster pace of 30% YoY in FY24, after moderating to 9.3% YoY in FY23 (+52% YoY in FY22). We note that the Nominal GDP grew 9.6% YoY, slower than the corporate profit growth in FY24 and 14.2% YoY GDP growth in FY23 (vs. 18.9% recorded in FY22).
- India's corporate profit (Listed + Unlisted) to GDP ratio dropped materially to 1.9% from 7.9% over 2008-20. For the Nifty-500 Universe, the ratio contracted to 2.1% (at a two-decade low) from 5.2% over the same period.
- PSU corporate's profit to GDP ratio decreased to 0.5% in 2020 from 2.1% in 2008, given the significant value migration from public to private sectors such as Banking, Telecom, and Airlines. However, the sectors recovered to 1.8% in 2024.

Research covered

Cos/Sector	Key Highlights
India Strategy	Corporate profit to GDP – Rebounds to a 15-year high in FY24!
State Bank of India	Ruling the roost!
Specialty Chemicals	Tomorrow's veneer over today's disappointment
India Life Insurance	Individual WRP for private players grew 25% YoY in May'24

Chart of the Day: India Strategy (Corporate profit to GDP – Rebounds to a 15-year high in FY24!)

Nifty-500 – the corporate profit to GDP ratio climbs in 2024



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Hyundai Motor gearing up to drive into Indian capital market

Hyundai has hired several investment banks to manage the IPO and is targeting a valuation of $22-28 billion. The IPO could lead to a rerating of the Indian automobile sector and benefit Hyundai's closest rival, Maruti Suzuki.

2

IndiGo block deal: Rahul Bhatia promoter entity plans to sell around 2% stake worth $394 mn

"This is the first time in many years that he is looking to unlock value and pocket some returns," said one of the persons to Moneycontrol on the condition of anonymity

3

Vodafone Idea to consider issuing shares to vendors at board meet on Thursday

Last month, VIL reported widening of losses to Rs 7,675 crore in the March quarter amid rise in interest and financing cost.

4

Turnaround slower, but VIP's on recovery path: Chairman Dilip Piramal

VIP Industries posted a 10% rise in net sales at Rs 2,215 crore last fiscal. However, net profit plunged to Rs 28 crore in FY24 from Rs 161 crore in the previous fiscal.

5

Companies cautious on short-term hiring, but overall outlook stays upbeat

Employers in India are showing caution in short-term hiring for the July-September quarter, with a net employment outlook of 30%, six percentage points lower than the current quarter and the same period last year. While 48% of employers plan to hire more people, 18% expect a decrease in hiring or have no plans to hire.

6

Edible oil prices rise 15% in a month

Companies like Adani Wilmar, Emami Agrotech, and Sunvin Group said while disruption in soyabean oil supplies from Argentina and Brazil is driving prices higher, mustard oil prices have risen as National Agricultural Cooperative Marketing Federation of India (NAFED) …

7

Chip industry to face crunch of 300,000 professionals by 2027: Teamlease study

According to industry estimates, the semiconductor industry in India is expected to reach $100 billion by 2030.

India Strategy

BSE Sensex: 76,693 | **Nifty-50: 23,290**

Corporate profit to GDP – Rebounds to a 15-year high in FY24!

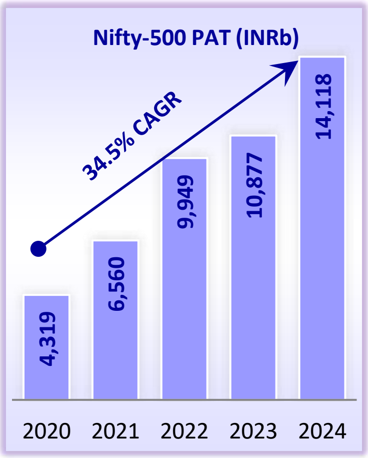
Analyzing growth across cycles

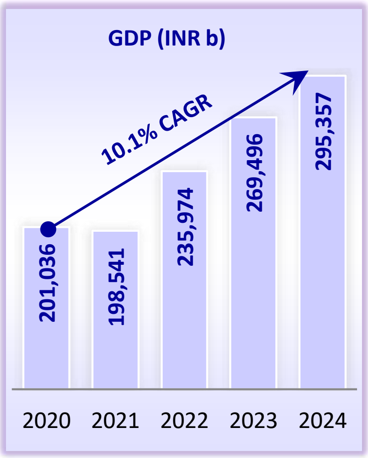
Corporate India's earnings strength has come to the fore even as markets have been preoccupied with elections and politics over the last few months. We have been consistently emphasizing the excellent macro-micro fundamentals of India in our recent notes with strong GDP growth, a sound fiscal position, a stable currency, and healthy corporate earnings. In this note, we discuss in detail the 15-year high corporate profit to GDP ratio clocked by India's listed corporate sector.

Construing the corporate profit to GDP ratio during the last two decades

- ***In 2024, the corporate profit to GDP ratio for the Nifty-500 Universe and listed India Inc. swelled to 4.8% and 5.2%, respectively, scaling a 15-year high.*** The YoY improvement was led by the BFSI, Oil & Gas, and Automobile sectors, which contributed 95% of the total improvement. Conversely, Metals, Technology, and Chemicals contributed adversely. The 0.8% YoY improvement in the 2024 profit to GDP ratio for Nifty-500 was propelled by the BFSI (0.3% increase), Oil & Gas (0.3% rise), and Automobile (0.2% increase) sectors.
- The corporate profit for the Nifty-500 universe grew at a faster pace of 30% YoY in FY24, after moderating to 9.3% YoY in FY23 (+52% YoY in FY22). We note that the Nominal GDP grew 9.6% YoY, slower than the corporate profit growth in FY24 and 14.2% YoY GDP growth in FY23 (vs. 18.9% recorded in FY22).
- India's corporate profit (Listed + Unlisted) to GDP ratio dropped materially to 1.9% from 7.9% over 2008-20. For the Nifty-500 Universe, the ratio contracted to 2.1% (at a two-decade low) from 5.2% over the same period.
- Notably, the ratio had been contracting since 2010, barring 2017 when profits of global cyclicals (such as Metals and O&G) had bounced back and losses of PSU Banks had reduced from the preceding year.
- In this report, we analyze 'corporate earnings as a percentage of GDP' in greater detail. We use the Nifty-500 as a proxy for corporate earnings, since the index accounts for 91% to India's market cap.

Profits have grown at a faster pace in the last four years

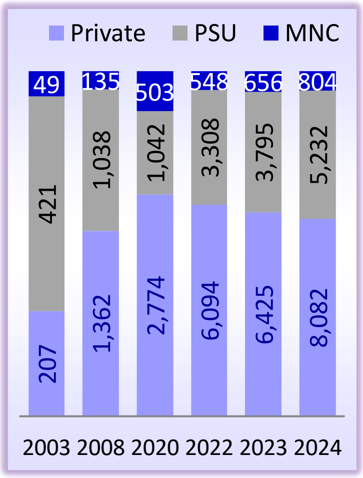




The chronicles of corporate profit to GDP ratio

- We segregate the 2003-24 period into three phases: 1) 2003-08, 2) 2008-20, and 3) 2020-24.
- **During Phase 1 (2003-08),** the corporate profit to GDP ratio almost doubled to 5.2% from 2.7% over the same period, with Nifty-500 profits surging 30%, which was twice the pace of underlying GDP growth (at 14.5% CAGR) over the same period.
- **During Phase 2 (2008-20),** the downturn in domestic corporate earnings resulted in a compression in the Nifty-500 profit to GDP ratio to 2.1% from 5.2%.
- Notwithstanding the pandemic-led gloom and weak economic recovery during **Phase 3 (2020-24)**, corporate profits have recovered sharply from the lows. Consequently, the ratio rebounded to a 15-year high of 4.8% (long-period average of 3.7%) in 2024 as profits grew at a faster pace (of 30% YoY).

Profit pool of PSU corporates grew at a faster pace over Phase 3 (INR b)



PSU profits surge 5x over Phase 3

- We analyze India's corporate profit to GDP distribution over the last two decades across three categories: a) PSU Corporate, b) MNCs, and c) Private Corporate.
- PSU corporate's profit to GDP ratio decreased to 0.5% in 2020 from 2.1% in 2008, given the significant value migration from public to private sectors such as Banking, Telecom, and Airlines. However, the sectors recovered to 1.8% in 2024.
- The private corporate sector's profit to GDP ratio improved to 2.8% in 2008 from a meager 0.8% in 2003. However, the ratio contracted to 1.4% in 2020 before rebounding to 2.7% in 2024.
- The Indian PSUs have made a successful comeback fueled by a sharp 5x jump in PSU profits, reaching INR5.2t from INR1t over FY20-24. More than 36% of these incremental profits came from PSU banks alone. The profits of PSU banks exceeded INR1.5t in FY24, after surpassing the milestone of INR1t in FY23.

Expect the corporate profit to GDP ratio to sustain

- We expect the ratio to sustain going forward. India remains in a very good shape, almost enjoying a mini-Goldilocks moment with excellent macros (Real GDP growth of 8.2% in FY24 aided by ~7% growth in FY23, inflation at ~5%, both current account and fiscal deficits well within the tolerance band, a stable currency, et al.), and healthy corporate earnings (Nifty ended FY24 with 24% EPS growth and we expect a CAGR of ~15% over FY24-26).
- For Nifty-50, we are modeling ~13% YoY profit growth for FY25E. We forecast FY25 earnings growth to be driven by BFSI, Oil & Gas, Metals and Technology, which are likely to contribute 75% to the incremental earnings of Nifty-50.

Sectoral corporate profit to GDP ratio for Nifty-500 (%) – Private Banks and NBFCs at all-time high levels

	Profit to GDP (%)							Change (x)			
Sector	**2003**	**2008**	**2020**	**2021**	**2022**	**2023**	**2024**	**2003-2008**	**2008-2020**	**2020-2024**	**2023-2024**
BFSI	0.68	0.85	0.46	0.98	1.15	1.54	1.79	1.2	0.5	3.9	1.2
Banks - Private	0.13	0.19	0.13	0.39	0.44	0.50	0.64	1.5	0.7	5.0	1.3
Banks - Public	0.39	0.44	0.01	0.19	0.30	0.41	0.51	1.1	0.0	51.3	1.2
Insurance	0.02	0.05	0.05	0.05	0.04	0.19	0.19	2.5	0.9	4.1	1.0
NBFCs	0.14	0.17	0.26	0.34	0.35	0.43	0.44	1.2	1.6	1.7	1.0
NBFCs - AMC	0.00	0.01	0.01	0.01	0.01	0.01	0.01	11.9	1.3	1.3	1.3
Oil & Gas	1.07	1.19	0.36	0.66	0.77	0.51	0.80	1.1	0.3	2.2	1.6
Technology	0.10	0.33	0.41	0.45	0.45	0.42	0.41	3.2	1.2	1.0	1.0
Automobiles	0.08	0.22	0.08	0.06	0.11	0.18	0.34	2.7	0.4	4.2	1.9
Metals	0.11	0.90	0.17	0.36	0.68	0.35	0.32	8.6	0.2	1.8	0.9
Utilities	0.25	0.29	0.16	0.20	0.22	0.22	0.25	1.1	0.5	1.6	1.1
Consumer	0.17	0.20	0.24	0.21	0.20	0.21	0.20	1.2	1.2	0.9	1.0
Healthcare	0.07	0.14	0.13	0.18	0.16	0.15	0.17	2.0	0.9	1.3	1.1
Capital Goods	0.08	0.27	0.08	0.11	0.11	0.13	0.15	3.2	0.3	1.9	1.2
Cement	0.02	0.20	0.09	0.10	0.11	0.07	0.08	10.9	0.4	0.9	1.2
Misc	0.03	0.10	0.05	0.03	0.05	0.08	0.07	2.9	0.5	1.5	1.0
Logistics	0.01	0.02	0.02	0.00	0.01	0.03	0.07	1.8	1.4	2.9	2.2
Chemicals	0.01	0.08	0.11	0.09	0.11	0.11	0.06	6.8	1.5	0.5	0.5
Retail	0.01	0.01	0.03	0.02	0.04	0.05	0.04	1.1	4.7	1.4	1.0
Real Estate	0.00	0.18	0.01	0.02	0.02	0.03	0.03	40.1	0.1	3.3	1.2
Infrastructure	0.00	0.02	0.02	0.01	0.02	0.02	0.02	3.2	1.0	1.3	1.1
Consumer Durables	0.00	0.01	0.02	0.02	0.02	0.01	0.01	3.4	1.2	0.8	1.1
Media	0.01	0.01	0.01	0.01	0.01	0.01	0.01	1.7	0.7	0.7	1.1
E-Commerce	0.00	0.00	-0.02	0.00	0.04	-0.01	0.00	68.2	-19.8	0.0	-0.1
Textiles	0.00	0.01	0.01	-0.02	0.01	0.00	0.00	1.6	1.5	0.0	0.3
Telecom	-0.01	0.14	-0.27	-0.18	-0.07	-0.07	-0.06	-21.7	-1.9	0.2	0.9
Nifty-500	**2.7**	**5.2**	**2.1**	**3.3**	**4.2**	**4.0**	**4.8**	**1.9**	**0.4**	**2.2**	**1.2**

State Bank of India

BSE SENSEX	S&P CNX
76,490	23,259

Stock Info

Bloomberg	SBIN IN
Equity Shares (m)	8925
M.Cap.(INRb)/(USDb)	7423.5 / 88.9
52-Week Range (INR)	912 / 543
1, 6, 12 Rel. Per (%)	-4/25/18
12M Avg Val (INR M)	12758
Free float (%)	43.1

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	1,599	1,755	1,969
OP	867	1,107	1,268
NP	611	713	817
NIM (%)	3.1	3.1	3.1
EPS (INR)	68.4	79.9	91.5
EPS Gr. (%)	21.6	16.8	14.5
ABV (INR)	365	432	506
Cons. BV (INR)	448	523	624
Ratios			
RoE (%)	18.8	18.8	18.5
RoA (%)	1.0	1.1	1.1
Valuations			
P/BV (x) (Cons.)	1.9	1.6	1.3
P/ABV (x)	1.6	1.4	1.2
P/E (x)*	8.7	7.5	6.5

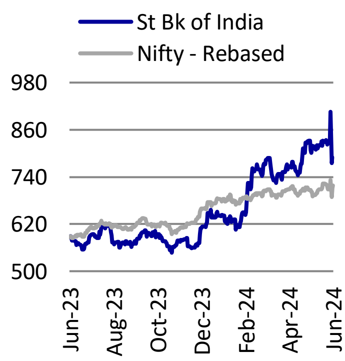
*adj for subs

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	56.9	56.9	56.9
DII	23.7	24.0	25.0
FII	12.0	11.8	10.8
Others	7.3	7.3	7.3

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR831 TP: INR1,015 (+22%) Buy

Ruling the roost!

Stands tall among the best-performing banks globally

- **State Bank of India (SBIN) has delivered a strong all-round performance for the past few years and has achieved new milestones in profitability (PAT surpassed INR600b in FY24). The bank has demonstrated considerable improvements in underwriting standards, while the consistent strengthening of its balance sheet has brought NPAs to pristine levels.**
- **In terms of returns, SBIN has delivered a 34% CAGR over the past two years, with its market cap swelling to ~USD89b. Our assessment of large global banks shows that SBIN has delivered the best-in-class RoE and loan growth among large global banks.**
- **During FY22-24, SBIN has delivered a ~16% CAGR in loans, outperforming many large peers. Interestingly, the current size of SBIN's balance sheet at INR62t is more than the GDP of almost 174 countries in the world. We reckon that this gap is only going to widen as SBIN delivers steady growth going ahead. SBIN has demonstrated high agility and superior execution even at this huge size and is well poised to maintain this momentum.**
- **A strong liability profile, an enviable CD ratio and robust tech capabilities position SBIN well to capitalize on growth opportunities as a stable policy environment and continued reforms continue to bolster overall economic activity.**
- **We estimate SBIN to deliver a 16% CAGR in earnings over FY24-26, backed by healthy loan growth, moderation in opex ratios and controlled credit cost (35-40bp), thus resulting in FY26E RoA/RoE of 1.1%/18.5%. SBIN remains one of our top ideas in the sector and we reiterate our BUY rating with a TP of INR1,015.**

Remarkable earnings turnaround from losses to profit of INR600b

SBIN has delivered a remarkable earnings turnaround, surpassing the PAT milestone of INR600b in FY24, driven by improvements in asset quality, robust credit growth and steady margins. While earnings during the past three-year period of FY22-24 exceeded that of the prior 20 year (FY02-21), the bank's financial health and asset quality have also notably improved. We estimate the earnings outlook to remain robust and FY26E PAT to surpass INR800b, led by steady NII and controlled opex and provisions. The bank's focus on maintaining a healthy mix of RAM segments, coupled with robust underwriting and strengthening digital capabilities, will enable it to sustain its leadership position within the sector.

SBIN's balance sheet size surpasses GDP of 174 countries worldwide

The bank's balance sheet has grown at a steady pace, reaching INR62t in FY24. Notably, SBIN's balance sheet is equivalent to 21% of India's GDP and surpasses the combined GDP of 174 countries. With India projected to rank among the top three global economies by FY27, SBIN is well poised to expand its lead and play a pivotal role in shaping India's economic landscape, supported by policy continuity, strong governance, and ongoing reforms.

Is the valuation line getting blurred between private and PSU banks?

SBIN has undergone a significant transformation, with its RoE rebounding from FY16 lows, aided by improved asset quality, operational efficiency, and technological capabilities, resulting in strong returns vs. top private banks. SBIN has delivered outperformance since Nov’23 with 47% returns vs. 17% returns by Bank Nifty and 46% by the PSU Banks index. Historical concerns, such as high NPAs and slow loan growth, are diminishing as SBIN maintains commendable credit growth and a favorable CD ratio. Despite already delivering impressive returns over prior years, SBIN's consistent outperformance in RoE and leadership position in key operating metrics (details inside) will enable the bank to deliver strong returns.

The stage is becoming bigger: How is SBIN faring globally?

Compared to top global banks, SBIN's performance on key metrics highlights its remarkable turnaround, with the best-in-class RoE and impressive loan growth. SBIN has thus emerged as a standout entity not only in India but also among large global banks. In terms of returns over the past one year, SBIN with 44% return ranks second among the 14 large global banks that we have analyzed. As India progresses toward its goal of becoming a developed nation by 2047, SBIN's strong return ratios and healthy growth momentum should keep investor interest in the bank intact, potentially elevating its position in the global ranking and solidifying its status as a compelling investment opportunity.

Building strong digital capability; YONO emerges as key growth driver

SBIN's commitment to digital innovation includes collaborations with fintech companies and startups, exemplified by initiatives like the API Hub. This digital transformation extends to corporate banking with 'YONO for Business,' offering comprehensive digital solutions, and government banking, facilitating efficient collection and payment mechanisms. SBIN remains a leader in debit card spending, POS terminals, ATM transactions, and mobile banking transactions (both in volume and value terms). SBIN has more than 500m customers with ~74m YONO users. YONO records average daily logins of over 12.8m, with fresh ~13m new registrations in FY24.

Opex set to moderate; estimate C/I ratio to decline to 51% (59% in FY24)

SBIN in FY24 witnessed high opex of INR158.8b due to additional provisions for a 17% wage hike settlement and one-off pension provisions, resulting in a C/I ratio of ~59%. With the full impact of wage revision and pension already factored in, the overall wage bill is expected to moderate significantly to INR650-700b in FY25, leading to an anticipated reduction in cost ratios to 51% from 59% in FY24. Additionally, the rationalization of branches and increased usage of digital channels like YONO should boost operating efficiency, facilitating a gradual moderation in cost ratios.

Strengthened underwriting to keep credit costs in check

SBIN's asset quality has seen steady improvements, supported by healthy underwriting and a consistent recovery from the TWO pool. With controlled slippages and the best-in-class slippage rate of 0.6% in FY24, the bank's GNPA/NNPA ratios moderated to 2.24%/0.57% in 4QFY24, while PCR stood 75% (91.9% including

TWO). With a restructured book at 0.5% of loans and a negligible SMA pool, incremental slippages are expected to remain low. The bank's conservative guidance for controlled credit cost at <50bp, with efforts to keep it at 25-30bp, reflects a proactive approach to maintaining strong asset quality. We estimate GNPA/NNPA ratios to moderate to 1.97%/0.48% by FY26E, with credit cost likely to sustain at ~40bp over FY25-26E.

Valuation and view

SBIN remains well positioned to deliver sustainable growth with high profitability, led by healthy loan growth, controlled opex and provisions. The management has guided for broadly stable margins going forward as the bank has levers in place (CD ratio, MCLR re-pricing) to mitigate the impact of the elevated cost of deposits. SBIN is well positioned to sustain its growth trajectory, supported by a low CD ratio, strong underwriting and continued momentum in YONO. The asset quality performance remains strong with consistent improvements in headline asset quality ratios. SBIN is one of our preferred ideas in the sector. We estimate a 15% CAGR in net profit over FY24-26E, with FY26E RoA/RoE of ~1.1%/18.5%. **Reiterate BUY with a revised TP of INR1,015 (1.5x FY26E ABV + INR235 from subs).**

Specialty Chemicals

Company
Alkyl Amines
Atul
Clean Science
Deepak Nitrite
Fine Organics
Galaxy Surfactants
Navin Fluorine
NOCIL
PI Industries
SRF
Tata Chemicals
Vinati Organics

Our earlier reports

Tomorrow's veneer over today's disappointment

- **Despite the end of destocking, pricing pressure continues in the specialty chemical sector due to sluggish Chinese domestic consumption, with the China+1 strategy being a potential short-term solution. Company managements remain confident about long-term prospects, with capex on track and a gradual recovery expected in 2HFY25. However, pricing pressure is likely to persist through CY24.**
- **Our coverage universe saw a decline of 8%/18%/29% YoY in revenue/EBITDA/earnings in FY24, with EBITDAM down 240bp YoY. Although raw material prices and operating expenses declined YoY, it was not enough to arrest the decline in EBITDA amid severe pricing pressure. PI Industries was the only bright spot in FY24.**
- **We estimate a CAGR of 13%/17%/19% in revenue/EBITDA/earnings during FY24-26E, albeit on a lower base. EBITDAM is expected to expand by 160bp by FY26 vs. FY24. AACL, ATLP, NFIL, NOCIL and VO are expected to see the highest earnings growth of 25-40% during FY24-26E. We remain positive on PI, VO and GALSURF.**

Cautiously optimistic outlook for the sector

- While destocking is over for most of the companies, pricing pressure persists in the sector as Chinese domestic consumption is not picking up as expected, with suppliers continuously looking for a market within the region, outside China. That said, the China+1 strategy could be one of the only saving graces in the near term for these chemical companies.
- Managements of various companies sounded confident about their long-term approach starting in FY25, with already announced capex on track to be completed within the guided timelines. For the first time in almost a year, some company managements have clearly stated that 1HFY25 is likely to be subdued, especially for companies with high exposure to agrochemicals, with a gradual recovery expected in 2HFY25.
- Throughout FY24, based on our channel checks and various interactions with companies, we reiterated that pricing pressure would continue in CY24 as well, and that any gradual recovery would happen only after 1HCY24 (read page 80 of our 4QFY24 preview). We expect pricing pressure to subside in the last quarter of CY24. There could be some earnings surprises as FY25 rolls on.

Dismal FY24; PI remains the only bright spot

- Destocking, subdued demand and pricing pressure led to an earnings decline for the sector on an aggregate basis in FY24 and continuous downward revisions in estimates over the course of the four quarters by the Street. In FY24, our coverage universe saw a revenue decline of 8% YoY and even a bigger decline of 18%/29% YoY in EBITDA/ earnings, led by pricing pressure in the domestic and export markets. Aggregate gross margin expanded 70bp YoY, while EBITDAM declined 240bp YoY in FY24.
- There was some respite for chemical companies as raw material costs declined 9% YoY on an aggregate basis for our coverage universe after rising 46% YoY in FY22 and 23% YoY in FY23. Operating expenses were also down 3% YoY in FY24 after rising 36% YoY in FY22 and 25% YoY in FY23. However, this was not enough to arrest the decline in EBITDA as pricing pressure and volume decline weighed on the sector.

- Among our coverage companies, PI remained the only bright spot in FY24 in the sector (coverage of 12 companies), with a revenue/EBITDA/earnings growth of 18%/31%/37% YoY. We estimate a revenue/EBITDA/earnings CAGR of 13%/17%/ 19% during FY24-26E for our coverage universe, albeit on a lower base. EBITDAM is expected to expand 160bp by FY26 vs. FY24. We expect AACL, ATLP, NFIL, NOCIL and VO to report highest earnings growth to the tune of 25-40% during the same period.

Valuation and view

- **PI Industries (PI):** PI has levers in place to sustain near-term growth, led by: 1) consistent growth momentum in the CSM business; 2) product launches in the domestic market; and 3) the recent acquisition in the pharma API and CDMO segments. We expect a CAGR of 17%/18%/9% in revenue/EBITDA/adj. PAT over FY24-26. We reiterate our BUY rating on the stock with a TP of INR4,280.
- **Vinati Organics (VO):** Veeral Organics (VOL) has commissioned a couple of products (MEHQ and Guaiacol), while the rest are expected to be commissioned in 2HFY25. These products are going to be the growth drivers for the company going forward. VO is now the largest and only double-integrated manufacturer of AOs in India. We continue to believe that VO will do well in the long term. We reiterate our BUY rating on the stock with a TP of INR2,080.
- **Galaxy Surfactants (GALSURF):** We estimate a volume CAGR of 9% over FY24-26, led by robust volumes in the domestic market and a volume recovery in specialty care products in the developed markets, which have already started growing. We reiterate our BUY rating on the stock with a TP of INR3,450.

Insurance Tracker

Individual WRP for private players grew 25% YoY in May'24

LIC's Indv WRP grew 7.2% YoY; overall industry grew 18.7% YoY

- **The individual weighted received premium (WRP) for private players grew 25% YoY in May'24 (a three-year CAGR of 39.5%). For the industry, individual WRP grew 18.7% YoY in May'24 (a three-year CAGR of 31.8%). For FY24, private players grew 8% YoY.**
- **Among listed players, HDFCLIFE (including Exide merger) grew 23% YoY in May'24 (a three-year CAGR of 27.5%). SBI Life grew 24.8% YoY in May'24. MAXLIFE/IPRULIFE grew 12.4%/56.9% YoY, whereas Bajaj Allianz grew 18.5% YoY in May'24.**
- **Individual WRP for LIC grew 7.2% YoY in May'24 (vs. a growth of 18% in Apr'24). For FY24, Individual WRP for LIC was flat YoY.**
- **Revised surrender charges regulations, as and when are announced, will be vital for growth trajectory in FY25. With some banks facing challenges pertaining to deposit growth, the focus on the agency channel is expected to increase. Granular growth in low-tier cities will entail investments. SBILIFE continues to be our preferred pick in this space.**

Individual WRP and YoY growth (%)

Individual WRP, INR m	May'24	YoY gr. (%)
Grand Total	72,518	18.7
Total Private	48,339	25.4
Total Public	24,179	7.2
SBI Life	11,343	24.8
HDFC life	8,053	23.2
ICICI Prudential	5,422	56.9
Tata AIA	5,026	22.2
Max Life	4,157	30.6
Bajaj Allianz	4,156	18.5
Birla Sun life	2,174	17.9
PNB Met Life	1,377	12.8
Canara HSBC OBC	1,204	92.3

Source: IRDAI, LIC Council, MOFSL
Note - *including Excide life

On an Individual WRP basis, the market share for private players increased to ~66.7%

In terms of individual WRP, the market share of private players increased ~150bp MoM to 66.7% in May'24. LIC's market share declined to 33.3%. For May'24, SBILIFE (15.6%) remained the largest private insurer in terms of individual WRP, followed by HDFCLIFE (11.1%) and Tata AIA (7.5%). On an Un-weighted basis too, SBILIFE was the largest private insurer, with a market share of 8.7%, followed by HDFCLIFE (8.4%) and IPRU (4.9%).

Performance of key private players

On an Individual WRP basis, the combined market share of the listed players – SBILIFE, HDFCLIFE, IPRU, and MAXLIFE – accounted for 60% of the private insurance industry in May'24. Among the prominent private insurers, IPRULIFE secured the third position in terms of Individual WRP, while TATA AIA and Max took the fourth and fifth positions, respectively, in May'24. Bajaj held the sixth position. Among key listed players on the basis of Individual WRP –

- **HDFCLIFE** (including Exide merger) grew 23% YoY in May'24 (up 26% YoY YTD FY25). Total Un-weighted premium grew 14% YoY (up 9.8% YoY YTD FY25).
- **SBILIFE** grew 24.8% YoY in May'24 (up 22.6% YoY in YTD FY25). Total Un-weighted premium declined 2.5% YoY in May'24 (up 7.8% YoY in YTD FY25).
- **IPRU** grew 57% YoY in May'24 (up 62.8% YoY in YTD25). Total Un-weighted premium grew 32.6% YoY in May'24 (up 30.7% YoY in YTD FY25).
- **MAXLIFE** grew 30.6% YoY in May'24 (up 31.2% YoY in YTD FY25). Total Un-weighted premium grew 23.3% YoY in May'24 (up 30.2% YoY in YTD FY25).

Un-weighted new business premium and growth

INR m	May'24	YoY Growth	FY25YTD	YoY growth	FY24	YoY growth
Grand Total	2,70,342	15.1%	0.3%	4,72,930	31.2%	0.3%
LIC	1,66,904	18.7%	2.5%	2,90,740	46.3%	2.0%
Total Private	1,03,438	9.8%	0.2%	1,82,190	12.6%	0.3%
SBI Life	23,543	-2.5%	11.1%	40,427	7.8%	-38.8%
HDFC life*	22,709	14.0%	-1.3%	38,461	9.8%	-17.2%
ICICI Prudential	13,178	32.6%	20.1%	22,577	30.7%	137.7%
Bajaj Allianz	7,684	6.9%	8.0%	14,575	14.8%	-13.2%
Max Life	6,739	23.3%	1.3%	11,795	30.2%	2.0%
Tata AIA	6,180	6.4%	20.1%	10,982	12.8%	137.7%
Birla Sunlife	5,921	12.6%	13.1%	9,928	11.7%	57.2%
Kotak Life	4,774	-2.6%	0.0%	8,728	-4.5%	0.0%
PNB Met Life	2,120	12.2%	0.2%	5,392	39.7%	0.4%

Note- * including Excide Life Source: IRDAI, LIC Council, MOFSL

Individual WRP, growth, and market share

INR m	May'24	YoY growth	Market share	FY25YTD	YoY growth	Market share	FY24	YoY growth	Market share
Grand Total	72,518	18.7%	100.0%	1,27,568	20.2%	100.0%	10,89,752	4.8%	100.0%
Total Private	48,339	25.4%	66.7%	84,230	25.1%	66.0%	7,38,711	8.0%	67.8%
Total Public	24,179	7.2%	33.3%	43,338	11.7%	34.0%	3,51,041	-1.4%	32.2%
SBI Life	11,343	24.8%	15.6%	19,542	22.6%	15.3%	1,72,344	13.2%	15.8%
HDFC life*	8,053	23.2%	11.1%	14,167	26.0%	11.1%	1,13,764	4.1%	10.4%
ICICI Prudential	5,422	56.9%	7.5%	9,429	62.8%	7.4%	72,135	7.1%	6.6%
Tata AIA	5,026	22.2%	6.9%	8,950	25.4%	7.0%	74,133	4.5%	6.8%
Max Life	4,157	30.6%	5.7%	6,999	31.2%	5.5%	69,608	15.5%	6.4%
Bajaj Allianz	4,156	18.5%	5.7%	7,484	20.1%	5.9%	63,248	21.3%	5.8%
Birla Sun life	2,174	17.9%	3.0%	3,619	17.0%	2.8%	30,747	1.7%	2.8%
PNB Met Life	1,377	12.8%	1.9%	2,422	5.1%	1.9%	23,181	6.5%	2.1%
Canara HSBC OBC	1,204	92.3%	1.7%	2,106	108.8%	1.7%	17,024	2.7%	1.6%

Source: IRDAI, LIC Council, MOFSL Note- * including Excide Life

JSW Energy: Expects incremental capacity addition to be led by solar, wind , hybrid projects; Sharad Mahendra, MD & CEO

- Signed 7 years green hydrogen supply agreement with JSW Steel
- BESS Project will be developed under BOOT Mechanism
- Initiated the construction activities for its battery energy storage project
- Power demand in last few weeks is ahead of industry expectations

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IRB Infra: Overall growth in toll collection in FY25 to be 20-25% Anil Yadav, Dir – IR

- Toll Collection growth of 30% contributed by traffic growth & New projects
- In spite of low ordering activity, bagged Rs20,000 cr worth of projects in FY24
- Promoter sold 4% to create personal liquidity, remains committed to steering IRB
- Overall growth in toll collection in FY25 to be 20-25%

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- Don't see any impact on the momentum of Invst in defence with new Govt
- Expect 20-25% revenue growth in FY25
- Eyeing another Rs20,000 cr worth new orders in next 2-3 years
- Margins will approx. be at 20% in FY25

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- Expects better ordering activity in Q3 & Q4FY25

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