Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	82,497	-2.1	14.2
Nifty-50	25,250	-2.1	16.2
Nifty-M 100	59,025	-2.2	27.8
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,700	-0.2	19.5
Nasdaq	17,918	0.0	19.4
FTSE 100	8,283	-0.1	7.1
DAX	19,015	-0.8	13.5
Hang Seng	7,914	-1.6	37.2
Nikkei 225	38,552	2.0	15.2
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	78	3.4	0.4
Gold ($/OZ)	2,656	-0.3	28.7
Cu (US$/MT)	9,718	-1.2	14.8
Almn (US$/MT)	2,619	-0.8	11.6
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	84.0	0.2	0.9
USD/EUR	1.1	-0.3	-0.1
USD/JPY	146.9	2.3	4.2
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.8	0.04	-0.4
10 Yrs AAA Corp	7.3	0.02	-0.5
Flows (USD b)	**3-Oct**	**MTD**	**CYTD**
FIIs	-1.8	-2.44	10.4
DIIs	1.54	2.09	41.4
Volumes (INRb)	**3-Oct**	**MTD***	**YTD***
Cash	1,473	1300	1302
F&O	5,41,014	5,88,122	3,82,666

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Financials - Banks 2QFY25 Preview: Earnings growth modest; asset quality trend to be divergent

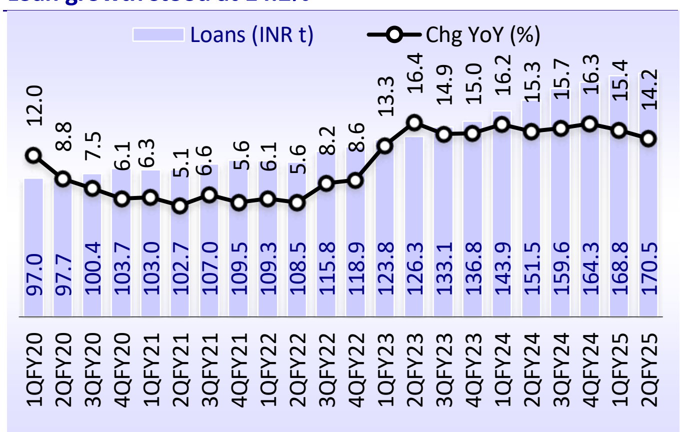
- Systemic credit growth has declined to 14.2% from 16.4% in FY24, mainly driven by slower deposit growth and an elevated CD ratio. Several banks, especially PVBs, have reduced their credit growth guidance. While the gap between deposits and credit growth has narrowed from the peak of 8.8% in Nov'22 to 2.3% as of Sep'24, the high incremental LDR and regulatory watch on both LDR and LCR.
- Credit quality in this cycle has been robust for most banks, leading to controlled provisioning expenses and thus a healthy RoA. However, we believe that the unsecured loans will continue to see the deterioration in 2QFY25. We factor in a modest rise in provisioning expenses as the recovery from the existing NPA/TWO pools moderates, while credit costs normalize gradually after being extremely benign over the recent period.
- **We estimate the earnings of the MOFSL Banking Universe to grow 10.1%/13.2%/13.9% YoY over 2QFY25/FY25/FY26.** Hence, we estimate the **banking sector's earnings to post a 13.6% CAGR over FY24-26.**

Research covered

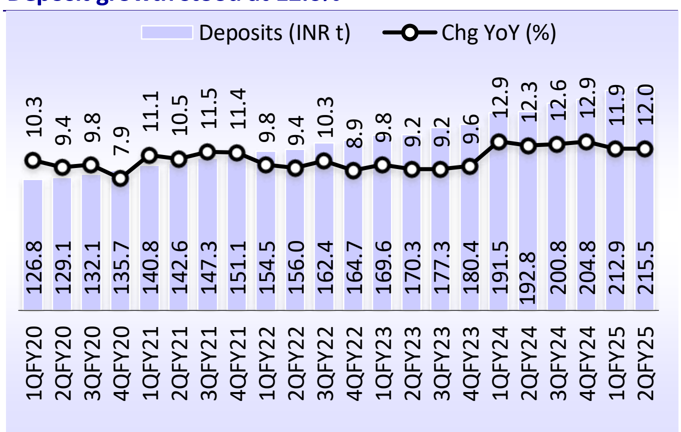
Cos/Sector	Key Highlights
Financials 2QFY25 Preview	Banks: Earnings growth modest; asset quality trend to be divergent
	NBFCs: Trends point at seasonally weaker 1H
	Non Lending: Growth saga of capital markets-linked companies continues
Consumer 2QFY25 Preview	Consumption trends sustain; jewelry to outperform
Other Updates	Bulls & Bears | Fine Organic Industries | Tega Industries | Bajaj Finance | Avenue Supermarts | Bank of Baroda | Punjab National Bank | Mahindra Finance

Chart of the Day: Financials - Banks (Earnings growth modest; asset quality trend to be divergent)

Loan growth stood at 14.2%



Deposit growth stood at 12.0%



Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

MUFG rejoins Yes Bank race, submits initial bid for a majority stake

Japan's MUFG has re-entered the race to acquire a majority stake in Yes Bank after its proposal to invest in HDB Financial was rejected. MUFG has submitted a non-binding offer and is conducting due diligence, negotiating mainly with Yes Bank and SBI.

2

BSE decides to keep Sensex options weekly contracts, shut Bankex from F&O after Sebi order

BSE announced it will discontinue weekly derivative contracts on both Sensex 50 and Bankex from November 2024 in compliance with Sebi's new regulation to limit weekly expiries to one per exchange.

3

MFI stress to weigh on small finance banks' loan growth, asset quality

Possible stress in the microfinance sector could weigh on small finance banks' loan growth and asset quality in the short term as lenders adjust to the new market conditions over the next three-four months, according to Utkarsh Small Finance Bank MD and CEO Govind Singh.

4

Bank of Baroda Q2 Update: Global advances jump 11.6% YoY, deposits surge by over 9%

Domestic advances surged by 12.51% to reach Rs 9.39 lakh crore in the recent quarter, while deposits grew by 7.14% to hit Rs 11.50 lakh crore. Retail advances saw a significant jump of 20%, reaching Rs 2.32 lakh crore.

5

DMart Q2 update: Standalone revenue rises 14% to Rs 14,050 crore

Avenue Supermarts (DMart) reported 14% growth in standalone revenues for Q2 FY25. Total stores increased to 377. The company aims to add 45 stores in FY25. In Q1 FY25, DMart clocked 17% growth in net profit and 19% growth in revenues

6

CESC Arm Bags Projects Totalling 500 MW From Bhojraj Renewables, Inks Acquisition Deal

CESC Ltd. subsidiary, Purvah Green Power Pvt. Ltd., has signed a binding term sheet with Bhojraj Renewables Energy Pvt. for developing a 150 MW solar project and a 350 MW wind project.

7

Biocon Biologics refinances 1.1 billion debt through US dollar bonds and new syndicated facility

Biocon Biologics said the refinancing of debt will improve liquidity profile of , provide financial flexibility and opportunity to re-invest the cash into the business.

Financials: Banks

2QFY25 earnings estimates (INR b)

PAT (INR b)	2Q FY25E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	4.9	22.6	-2.0
AXSB	66.3	13.0	9.8
BANDHAN	8.8	21.4	-17.7
DCBB	1.4	6.5	2.8
EQUITAS	1.8	-9.3	598.0
FB	10.0	5.3	-0.5
HDFCB	163.5	2.4	1.1
ICICIBC	109.1	6.3	-1.4
IDFCFB	5.7	-24.2	-16.3
IIB	20.7	-6.2	-4.9
KMB	35.2	10.4	0.1
RBK	2.5	-14.2	-32.1
Private Total	**429.9**	**5.0**	**0.6**
PSU Banks			
BOB	46.0	8.3	3.3
CBK	38.0	5.4	-2.7
INBK	25.4	28.0	5.9
PNB	34.6	97.1	6.5
SBIN	164.1	14.5	-3.7
UNBK	37.0	5.5	0.7
PSU Total	**345.2**	**17.2**	**-0.6**
Banks Total	**775.1**	**10.1**	**0.0**
SBICARD	5.9	7.4	-0.8
Paytm	-6.6	NA	NA

Earnings growth modest; asset quality trend to be divergent

Margins to exhibit a slight negative bias

- **System growth showing moderation; estimate 12.5% credit growth for FY25:** Systemic credit growth has declined to 14.2% from 16.4% in FY24, mainly driven by slower deposit growth and an elevated CD ratio. Several banks, especially PVBs, have reduced their credit growth guidance, while PSBs have largely maintained their guidance. Further, continued moderation in unsecured retail and slower corporate credit off-take will further impact credit growth in the banking system. While the gap between deposits and credit growth has narrowed from the peak of 8.8% in Nov'22 to 2.3% as of Sep'24, the high incremental LDR and regulatory watch on both LDR and LCR will drive further moderation in loan growth. We thus estimate the CD growth gap to reduce to <100bp over FY25 while estimating credit growth to slow down to 12.5% over FY25.
- **Deposit growth at 11.9% in Sep'24; margin bias slightly negative:** Deposit growth has hovered in a narrow range of 11-13% over the past 14 months and is up 2.8% YTD. The systemic CD ratio remains elevated at 79.6%, and most banks have seen their CD rise over the past year. Among the banks under our coverage, we closely monitor the deposit growth trajectory for HDFCB and AXSB amid their higher CD ratios of 103.5% and 92.2%, respectively, in 1QFY25. We observe that deposit competitiveness shows no signs of ebbing, which should keep the deposit rate and CoF elevated. Consequently, these should keep NIMs under pressure, while the reversal in rate cycle should further lead to yield pressure. We believe PSBs will be better capable of maintaining their margins, aided by their higher mix of MCLR rate books.
- **Asset quality stable for PSUs and large Pvt. banks; MFI and unsecured loans to experience rising stress:** Credit quality in this cycle has been robust for most banks, leading to controlled provisioning expenses and thus a healthy RoA. However, we believe that the unsecured loans will continue to see the deterioration in 2QFY25. Banks with higher exposure to the MFI and unsecured loans may thus see slower growth and higher credit costs in 2Q. Hence, we would closely monitor the asset quality outlook over the medium term. We factor in a modest rise in provisioning expenses as the recovery from the existing NPA/TWO pools moderates, while credit costs normalize gradually after being extremely benign over the recent period.
- **Earnings for our banking coverage universe to clock ~13.6% CAGR over FY24-26E:** We estimate NII for our banking coverage universe to grow ~8.6% YoY in 2QFY25, while controlled opex to result in PPoP of 13.2% YoY/ 0.9% QoQ. For 2QFY25, we thus estimate Private/PSU banks to report earnings growth of 4.1%/17.2% YoY. **We also estimate the earnings of the MOFSL Banking Universe to grow 10.1%/13.2%/13.9% YoY over 2QFY25/FY25/FY26.** Hence, we estimate the **banking sector's earnings to post a 13.6% CAGR over FY24-26.**

Private banks: PAT to grow ~5% YoY in 2QFY25

- **For our private bank coverage universe**, we estimate a PPoP growth of 12% YoY/ 1% QoQ and a PAT growth of 5% YoY/0.6% QoQ in 2QFY25. We also estimate a 12.4% CAGR in earnings over FY24-26.
- We estimate NII to grow 11.3% YoY in 2QFY25. Specifically, we project Bandhan's growth at 23.8% YoY, IDFC Bank at 22.6% YoY, Federal Bank at 15.8% YoY, RBL Bank at 13.2% YoY, Axis Bank at 10.7% YoY, and Kotak Mahindra Bank at 10.4% YoY.
- Opex is likely to follow a normalized trend as the banks continue with their investments in branches and technology, while the pace of employee hiring has moderated. Other income is anticipated to be healthy following a decline in bond yields.
- **Slippages broadly remain under control,** which should drive stability/further improvement in asset quality ratios. However, we remain cautious amid rising delinquencies in unsecured lending and MFI, which could result in some rise in credit costs in the unsecured segments, primarily MFI.

PSBs: PAT to dip marginally QoQ amid flat NIMs and mild rise in LLP

- We estimate PSBs to report moderate earnings growth of 17.2% YoY/ a decline of 0.6% QoQ in 2QFY25. NII growth is also likely to remain moderate at ~6% YoY as margins maintain a marginal downward bias. Accordingly, we estimate PSBs' earnings to clock a 15% CAGR over FY24-26.
- **Opex to be under control** as wage-related provisions are largely accounted for in FY24. Thus, we expect a normal opex trajectory in FY25. **Treasury performance is likely to remain healthy**, led by a decline in bond yields and buoyant capital markets. We also expect an improvement in CET-1 for select PSBs, backed by the revised investment regulations.
- Expect asset quality to remain broadly stable amid an improving borrower profile and a low SMA pool, keeping slippages under control. However, with rising delinquencies in unsecured lending, **the outlook for asset quality** will be closely monitored over the coming quarters. Besides, the ECL provisioning requirement for the next fiscal may also act as an overhang on sector performance.

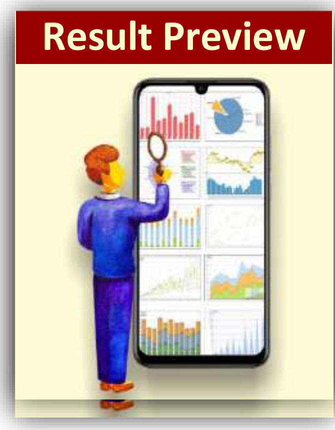
SFBs: Mixed performance; asset quality to be keenly monitored

- We estimate **AUBANK's 2QFY25 PAT** to grow 22.6% YoY to INR4.9b (-2% QoQ), as the bank has completed its merger with Fincare SFB. Its NII is expected to grow 58% YoY (including Fincare), while NIM is projected to witness a marginal decline. Expect asset quality to remain broadly stable with marginal impact from the MFI segment and card business.
- **EQUITASB** is likely to report a modest quarter, with PAT expected to dip 9% YoY amid higher provisions and opex. Business growth is likely to be healthy, and we estimate advances to grow at ~17% YoY (+~5.5% QoQ). We further estimate its NIM to moderate 7bp QoQ to 7.9%.

Payments/Fintech: Earnings trajectory to remain modest

- **SBICARDS:** We expect corporate spending to pick up; however, retail spending is likely to remain healthy. NIM is anticipated to be broadly stable, while credit costs would remain elevated due to continued asset quality pressure. We, thus, estimate earnings to de-grow 2.2% YoY (down 0.8% QoQ).
- **PAYTM:** We estimate a 7% QoQ growth (flat YoY) in GMV in 1QFY25, amounting to INR4.6t. Revenue from its operations is projected to increase 8% QoQ (down 36% YoY) to INR16.2b, while contribution profit is estimated to increase 13% QoQ (down 40% YoY) to INR8.5b for 2QFY25. The contribution margin is likely to be ~53%. Adj. operating loss is estimated to be INR3.1b in 2QFY25.

Financials - NBFCs



Company
Aavas Financiers
Bajaj Finance
Can Fin Homes
Chola Inv. & Fin.
CreditAccess Grameen
Five Star Business Finance
Fusion Microfinance
HomeFirst
IIFL Finance
L&T Finance Holdings
LIC Housing Finance
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Poonawalla Fincorp
Repco Home Finance
Shriram Finance
Spandana Sphoorty

Trends point at seasonally weaker 1H

NIM largely stable for most players; credit costs remain elevated

- **AUM growth slightly weaker owing to heavy rainfall in some regions and few inauspicious days in Sep'24:** We expect ~8% YoY growth in AUM in 2QFY25 for our HFC coverage universe, including both affordable and other HFCs. Vehicle financers are projected to report ~24% YoY AUM growth. Gold lenders (including non-gold products) are likely to record ~24% YoY growth. NBFC-MFIs are likely to post ~13% YoY growth, while diversified lenders are expected to deliver ~22% YoY growth in AUM. For our coverage universe, we estimate loan growth of ~18% YoY/~4% QoQ in 2QFY25. We expect slightly weaker loan growth (vs. our earlier expectations) because of rainfall/floods in certain regions and few inauspicious days in Sep'24. Gold financiers are expected to report decent gold loan growth. Micro-financiers should report a sequential decline in loans because of muted disbursements. Most housing financiers (except LICHF and Repco) are expected to report healthy loan growth.
- **Largely stable trends in NIM and spreads; all eyes on expected repo rate cuts:** The increase in MCLR of banks has been mitigated by the decline in the T-Bill rates. The cost of borrowings (CoB) for most NBFCs has been either stable or declined slightly. NIM and spreads for NBFCs are showing signs of stabilization. Fixed-rate lenders like vehicle financiers, which had increased lending rates in the prior quarters, will also benefit from NIM expansion, driven by expected repo rate cuts in 2HFY25. At the sectoral level, we expect NIM to remain flat for vehicle financiers and HFCs.
- **Seasonal deterioration in asset quality but most pronounced in MFIs:** Except for housing/mortgages, we expect a sequential deterioration in asset quality, mainly due to seasonality (except for MFIs). The MFI segment continues to exhibit forward flows (due to customer overleveraging), resulting in higher PAR (portfolio at risk) formation, and it will see significantly higher credit costs.
- **PAT likely to grow ~9% YoY for our coverage universe, driven by high credit costs and higher stress for NBFC-MFIs:** We estimate ~19%/18%/9% YoY growth in NII/PPoP/PAT in 2QFY25 for our NBFC coverage universe. Excluding NBFC-MFIs, we estimate ~15% YoY growth in PAT for our coverage. Among NBFC sub-sectors, our preference is for vehicle finance and housing finance/mortgages. We advise underweight in microfinance since the recovery is still distant. Our top picks in the sector are SHFL, LTFH and PNBHF.

Minor weakness in disbursement momentum; flat trends in NIM

- The impact of the RBI circular (on interest income recognition only on cheque realization) on disbursements was much less pronounced compared to the last quarter. While there was minor weakness in the disbursement momentum (partly because of some inauspicious days in Sep'24), the outlook on loan growth remains healthy for most HFCs in our coverage universe.
- We anticipate credit costs for LICHF to be at ~45bp (vs. 20bp in 1QFY25). Margin is expected to remain stable QoQ, aided by stable CoF and slight improvement in yields, driven by better recoveries from NPA pool.

- We forecast HomeFirst to report ~24% YoY growth in disbursements, leading to healthy AUM growth of ~34% YoY. We expect NIM to remain stable for both Aavas and HomeFirst despite the ongoing rise in their CoB. Asset quality is also expected to remain range-bound, which will keep the credit costs benign.
- We estimate PNBHF to deliver ~15% YoY growth in loan book as of Sep'24 and NIM to remain largely stable. Asset quality improvement and recoveries from the written-off pool in both Retail/Corporate could potentially result in provision write-backs (like in the prior quarter).
- For Five Star, we expect disbursements to remain flat QoQ. As a result, we estimate ~6% QoQ growth in AUM. NIM moderation (driven by improvement in leverage) will continue. We expect asset quality to remain largely stable (despite ~40% overlap with MFI customers) and credit costs to remain benign.

Vehicle finance – Seasonal blip in asset quality and disbursement momentum

- For MMFS, we estimate disbursements of ~INR140b (up 5% YoY) and 21% YoY growth in business assets (aided by trade advances ahead of the festive season) in 2QFY25. We now estimate ~19% YoY growth in business assets for MMFS in FY25. We expect credit costs for MMFS to be at ~2.2% (vs. 2.8% in 2QFY24).
- For CIFC and SHTF, we expect a sequential growth in disbursements, which should translate into ~33%/20% YoY growth in AUM for CIFC/SHTF as of Sep'24.
- We estimate NIM expansion for vehicle financiers in FY25, due to a rise in yields and a decline in CoB. Seasonal trends and heavy rainfall in some regions could result in a minor deterioration in asset quality for vehicle financiers with high credit costs.

Gold finance – Decent growth in gold loans with some compression in NIM

- We expect gold loan financiers to deliver decent gold loan growth and modest tonnage growth in 2QFY25.
- We expect ~4%/3% sequential growth in the gold loan portfolio of MUTH/MGFL. Gold loan NIM could contract QoQ because of the minor decline in yields and a rise in CoF. Asirvad MFI, a subsidiary of MGFL, could see asset quality deterioration and high credit costs (like in the last quarter).

Microfinance – Stressful quarter; sequential decline in AUM even as fresh slippages continue

- Customer overleveraging has resulted in higher delinquencies and lower collection efficiencies. After the implementation of MFIN guardrails, disbursements were muted for all three NBFC-MFIs – CREDAG, Fusion, and Spandana – in our coverage universe. We expect a QoQ decline of 3%/7%/6% in AUM for CREDAG/Fusion/Spandana in 2QFY25.
- Higher NPA formation will also result in interest income reversals, which could weigh on NIM.
- Flows into forward asset quality buckets have continued for the last four quarters. We expect an increase in PAR90 for all the three MFIs in our coverage and expects significantly high credit costs. 2QFY25 will be the worst quarter in terms of credit costs and we estimate annualized credit costs of ~5%/~20%/16% for CREDAG/Fusion/Spandana in this quarter.

Diversified financiers: Calibration in personal loans continues; credit costs from the PL portfolio still elevated

- We expect LTFH to report ~27% YoY/4% QoQ growth in Retail Loans. Since the company is not growing its wholesale segments (such as real estate and infrastructure), the consolidated loan book could also grow ~4% QoQ in 2QFY25. Unlike NBFC-MFIs, we expect only a minor deterioration in collection efficiencies in the MFI business of LTFH. This could result in a slight sequential increase in credit costs for LTFH.
- BAF is likely to report ~30% YoY/7% QoQ growth in AUM. We estimate a ~10bp QoQ contraction in NIM for BAF with credit costs at ~1.9% (down ~5bp QoQ).
- We expect Poonawalla to report ~41% YoY growth in AUM, driven by ~11% QoQ growth in disbursements. We estimate this to translate into ~29% YoY PAT growth for the company.
- For IIFL Finance, we estimate gold loan AUM to decline to ~INR109b as of Sep'24. Along with decline in the MFI business, this could result in a ~7% QoQ fall in consolidated AUM. We estimate a PAT of INR2.7b in 2Q (vs. INR2.9b in 1Q).

Quarterly performance

Sector	CMP (INR)	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
			Sep-24	Variance YoY (%)	Variance QoQ (%)	Sep -24	Variance YoY (%)	Variance QoQ (%)	Sep -24	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	1849	Neutral	2,541	14.3	3.9	1,896	16.3	11.9	1,410	15.8	11.8
Bajaj Finance	7702	Neutral	88,549	23.0	5.9	71,745	23.0	3.3	40,155	13.1	2.6
Can Fin Homes	900	Neutral	3,273	3.3	1.8	2,815	4.2	0.7	2,103	33.0	5.3
Chola. Inv & Fin.	1,582	Buy	27,022	34.1	5.0	19,333	36.1	4.5	9,846	29.1	4.5
CreditAccess	1,197	Buy	9,124	19.5	-1.6	6,820	21.2	-3.9	2,613	-24.7	-34.3
Five Star Business	825	Buy	5,143	29.2	6.5	3,671	32.3	3.5	2,615	31.1	3.9
Fusion Micro	246	Neutral	3,905	27.7	-1.8	2,832	17.1	-4.9	-1,800	-243.2	405.2
Home First Fin.	1,184	Buy	1,558	17.9	6.4	1,254	20.1	5.3	914	22.9	4.1
IIFL Finance	468	Buy	13,140	-7.8	-8.6	6,619	-29.3	-3.8	2,728	-42.5	-5.3
L&T Fin. Holdings	188	Buy	25,014	32.4	2.8	15,319	18.1	4.4	6,968	17.3	1.7
LIC Housing Fin	659	Buy	20,371	-3.3	2.4	18,192	-4.2	2.7	11,966	0.7	-8.0
M & M Financial	331	Buy	18,457	16.3	3.5	11,794	25.1	4.0	4,330	84.1	-15.6
Manappuram Finance	197	Buy	15,810	16.7	2.8	10,077	16.3	2.7	5,599	-0.1	0.6
MAS Financial	288	Buy	1,265	22.9	2.2	1,270	22.6	7.3	742	23.7	5.4
Muthoot Finance	1956	Neutral	24,282	30.7	5.4	17,980	34.0	4.8	13,025	31.4	20.7
PNB Housing	974	Buy	6,658	3.1	3.7	5,647	2.3	4.2	4,425	15.5	2.2
Poonawalla Fincorp	401	Buy	6,110	28.7	6.1	4,408	31.3	2.0	2,979	29.5	2.1
Repco Home Fin	534	Neutral	1,883	6.7	2.7	1,412	5.5	2.3	1,085	10.6	2.9
Shriram Finance Ltd	3,572	Buy	54,818	19.3	4.7	41,540	19.3	7.8	20,605	17.7	4.0
Spandana Sphoorty	588	Buy	3,682	16.6	-15.2	2,644	2.7	-7.8	-1,067	-185.2	-291.5
NBFC			**3,32,605**	**19.3**	**3.5**	**2,47,269**	**17.6**	**3.6**	**1,31,239**	**9.1**	**-0.9**

Financials – Non Lending

Company
Angel One
BSE
CAMS
ICICI Lombard
360ONE WAM
MCX
Star Health
HDFC Life
IPRU Life
SBI Life
Max Financials

Growth saga of capital markets-linked companies continues

GI players to report modest growth; VNB margins to expand

- **Equity indices continued to scale new heights in 2QFY25, with Nifty surpassing 26,000 and Sensex exceeding 85,000. The positive market sentiment and higher trading days contributed to a sustained upward trajectory in key parameters (volumes, orders, client additions, etc.) for capital markets-related companies. Angel One and BSE continue to benefit from the current trends. However, SEBI's new F&O segment regulations are expected to impact these trends from the end of 3QFY25.**
- **In the AMC sector, Jul'24 recorded the highest-ever net equity inflows. Equity AUM rose 59% YoY in Aug'24, driven by an all-time high trajectory of SIP flows (~INR235b in Aug'24). Growth across all segments, especially equity and money market AUM, led to 20% growth in the total MF AUM (over Mar'24-Aug'24). The strong growth momentum in equity AUM is expected to boost the performance of CAMS and 360ONE.**
- **Private life insurance companies posted 18%/9% growth in APE in Jul'24/Aug'24. For Sep'24, we expect industry growth to remain stable. In VNB margins, we expect steady or improving trends QoQ on account of the rising share of protection and annuity in the mix along with scale benefits.**
- **Excluding crop, the general insurance sector witnessed single-digit GWP growth of 6% in Jul'24 and Aug'24. Growth in the health segment was tepid at 2%/10% YoY in Jul'24/Aug'24. Further, the motor segment experienced a modest growth of 10%/6% YoY in Jul'24/Aug'24. NATCAT claims during the quarter are expected to keep the loss ratios elevated. We expect STARHEAL and ICICIGI to report improvement in profitability on account of operational efficiency.**
- **We remain positive on the long-term growth potential of non-lending financials, given their broader themes of financialization and digitization of savings. Our top picks in this space are ANGELONE, SBILIFE, and STARHEAL. While we maintain a positive view on the capital market sector, the impact of F&O regulations will keep stock performances in check in the short term.**

4m+ demat additions MoM; cash ADTO declines from peak and F&O volumes continue to inch up

- Cash ADTO has witnessed a declining MoM trajectory during the quarter with a decline of 9%/10%/4% MoM in Jul'24/Aug'24/Sep'24. While futures volumes declined from Jul'24 levels, options experienced growth during the second half of 2QFY25, resulting in F&O ADTO growth of -0.1%/1%/7% in Jul'24/Aug'24/Sep'24.
- BSE's market share in the options segment continues to scale up, reaching 27%/13.3% in notional/premium turnover vs. 22%/8.7% in Jun'24.
- Incremental demat account additions have been above 4m throughout the quarter, recording 4.2m in Jul'24, 4.5m in Aug'24, and 4.2m in Sep'24 (average 3.3m per month in 1QFY25).
- MCX has maintained strong growth momentum, especially in options volumes, during 2QFY25. Futures ADTO increased from INR259b in 1QFY25 to INR270b in 2QFY25 (up 4% QoQ). Options ADTO increased from INR1.47t in 1QFY25 to INR1.94t in 2QFY25 (up 32% QoQ).

- SEBI issued a circular on 1st Oct'24 announcing the much anticipated regulations to curb F&O volumes. Most of the measures are similar to the ones announced in the Jul'24 consultation paper. The regulations will be partially implemented from Nov'24, leading to a visible impact on volumes from Dec'24.
- Angel One has introduced brokerage for equity delivery (Lower of INR20 per order or 0.1%), along with various other price revisions, effective from 1 Oct'24. This will likely offset the impact of True to Label regulations, which took effect on 1st Oct'24.
- Adhering to the True to Label regulations, BSE has revised its pricing structure from slab-based to uniform fee for F&O transactions with effect from 1 Oct'24. The transaction charges would be INR3,250 per crore of premium turnover for Sensex and Bankex option contracts, INR500 per crore of premium turnover for other options, and INR0 for futures.

Life Insurance: Mixed performance across players; VNB margins to expand

- Private life insurance companies experienced 18%/9% growth in APE in Jul'24/Aug'24. For Sep'24, we expect industry to report stable growth momentum. SBILIFE/HDFCLIFE/IPRU/MAXLIFE registered APE growth of 3%/25%/10%/26% in Jul'24-Sep'24.
- In VNB margins, we expect improving QoQ trends. While the share of ULIPs has been increasing, the demand for annuity, non-par (QoQ), and protection remains strong, especially with the launch of a range of new products. This can increase the share of non-par products in the mix, offsetting the ULIP share and leading to the expansion of VNB margins.
- For FY25, the impact of changes in product and commission constructs from Oct'24 (following the implementation of new surrender regulations) remains a key monitorable.

General insurance: Modest growth; NATCAT claims to impact profitability

- Excluding crop, the general insurance sector witnessed modest GWP growth of 6% in Jul'24 and Aug'24. Growth in the health segment slowed down at 2%/10% YoY in Aug/Sep'24 (16% in 1QFY25). The motor segment was impacted by low automobile sales and grew 10%/6% YoY in Jul'24/Aug'24 (12% in 1QFY25).
- For ICICIGI, premium growth in Jul'24/Aug'24 outpaced the industry at 16%/10% YoY. This was driven by a stable market share in the motor segment and expanding market share in the health segment.
- For Jul'24/Aug'24, STARHEAL experienced consistent premium growth of 15% YoY, driven by stable retail growth of 14% and strong group health growth of 31%/41% (on a lower base).
- Opex ratios are projected to benefit from the operating leverage. However, NATCAT claims are likely to keep loss ratios elevated.

SIP flows at an all-time high; strong equity inflows driving mutual fund AUM growth

- Mutual fund AUM grew 40%/41% YoY, led by strong 59% growth in equity AUM for Jul'24/Aug'24. The strong growth was driven by buoyant net equity inflows in Jul'24 and Aug'24, with an all-time high inflow of INR1.3t in Jul'24. SIP flows reached new highs and crossed INR233b during 2QFY25.
- The share of equity AUM improved ~20bp in Jul'24 and ~10bp in Aug'24, reaching 57.7%.
- This is expected to translate into a healthy operating performance for CAMS and 360 ONE in 2QFY25.

Consumer

Company
Asian Paints
Britannia Industries
Colgate-Palmolive India
Dabur India
Emami
Godrej Consumer Products
Hindustan Unilever
Indigo Paints
ITC
Jyothy Laboratories
Marico
Nestle India
Page Industries
Pidilite Industries
P&G Hygiene and Healthcare
Tata Consumer Products
United Breweries
United Spirits
Varun Beverages

Consumption trends sustain; jewelry to outperform

- In our consumer coverage universe, we expect FMCG/jewelry verticals to sustain/outperform their growth trajectory in 2QFY25, whereas QSR, paint and liquor verticals are expected to see weakness in growth and profitability.
- For staples companies, demand trends remained stable QoQ in 2QFY25, with rural markets outperforming urban areas for the third consecutive quarter. However, heavy rains and floods in certain regions have disrupted the supply chain. They also affected out-of-home consumption and consumer offtake, particularly for the beverages category. Food and beverage companies are likely to implement price hikes in response to rising costs of agricultural commodities. Gross margin expansion is expected to stabilize in 2Q after seeing significant improvements over the past 4-5 quarters. However, marketing and distribution expenses would remain elevated, leading to flat or marginal decrease in EBITDA margins for most companies. Looking ahead, 2HFY25 is expected to see better performances, bolstered by the festive season, rising incomes, government initiatives, and an above-average monsoon, all of which are likely to boost consumer demand across key categories.
- The alcoholic beverages segment was impacted by seasonality and heavy rains. We expect volume growth of 1% for UNSP and 7% for UBBL. For UNSP, 2Q was also affected by stock accumulation at the distributor level in 1Q; however, it is likely to improve in 2HFY25, driven by recent favorable policy changes, including Karnataka's MRP cut and Andhra Pradesh's retail shop privatization.
- For paints and adhesives companies, weakness in paint demand is expected to persist, with further QoQ deceleration anticipated in 2QFY25. Margins are expected to decline due to negative operating leverage and increased investments amid competitive intensity. We expect Asian Paints to report 5% volume growth and flat revenue growth, while Indigo Paints is expected to report 6% value growth for the quarter. Pidilite is expected to perform better with 11% volume growth and margin expansion, supported by lower VAM prices.
- The 19 consumer companies (excluding QSR and Jewelry) under our coverage are expected to deliver revenue growth of 5.5%, EBITDA growth of 3.2%, and PAT growth of 3.8% in 2QFY25.

Agri commodity prices rising, while non-agri prices cooling off

- As we highlighted in our Sep'24 commodity note, most agricultural commodities have seen a YoY price increase, which is expected to impact FMCG companies like Dabur, HUL, Nestlé, Britannia, Marico, and Tata Consumer. Conversely, non-agricultural commodities such as crude oil and its derivatives, along with VAM prices, have shown a deflationary trend. This could benefit companies in the paints and adhesives sectors, as well as those in the soaps and detergents categories.
- **In the agricultural basket,** wheat prices have increased 11% YoY and 8% QoQ. Barley prices have surged 15% YoY and 7% QoQ, which is expected to affect companies such as UBBL and Nestle. Sugar prices have increased 4% YoY but

remained flat QoQ, while coffee prices have surged 14% YoY and 6% QoQ, potentially impacting companies such as Nestle and HUL. Copra prices have increased 8% YoY and 5% QoQ. Palm oil prices have increased 5% YoY while stabilizing on a sequential basis. Further, the government has recently increased import duty on edible oil to support domestic producers. The import duty on crude palm oil, soybean oil, and sunflower oil has been raised from 0% to 20%, while the tariff on the refined varieties of these oils has surged from 12.5% to 32.5%.

- In the **non-agricultural basket,** Crude oil prices are witnessing a decline, primarily due to the economic slowdown in China, and are currently trading at around USD75/barrel. The average crude price has decreased 7% YoY and 5% QoQ, which is expected to benefit paint companies significantly. Additionally, the prices of other commodities such as TiO2 and TiO2 China are seeing a downward trend. VAM China prices have declined 19% YoY and 4% QoQ, which will benefit companies such as Pidilite. Gold prices have risen 21% YoY while remaining stable QoQ. Although gold prices initially declined by 8-10% following a cut in customs duty, they have surged again due to an increase in global prices.

2QFY25 – Key earnings outliers and underperformers

- Outliers: Britannia, Colgate, Marico
- Underperformers: Dabur, Asian Paint

Top picks

- **HUL:** HUVR’s wide product basket and presence across price segments should help the company achieve a steady growth recovery. Under the new leadership of Mr. Rohit Jawa, HUVR is expected to take corrective actions to address the white space, particularly in BPC and F&R. The company commands strong leadership in Home Care, which can be capitalized during improving macros.
- **GCPL:** GCPL is consistently working to expand the total addressable market for its India business through product innovations to drive frequency. Besides, there has been a consistent effort to address the gaps in profitability and growth in its international business. We see margin headroom from the RCCL and Indonesia businesses.
- **DABUR:** Recovery in rural markets should support its portfolio, as it is heavily skewed toward rural areas. In the domestic business, we expect healthcare, oral care, and food business to grow faster than others. The distribution drive will further contribute to rural growth. EBITDA margin has remained in the range of 19-20% for the past several years. The margin is expected to improve in the coming years due to a better mix of products (such as higher healthcare offerings) and increased pricing in high market-share brands.

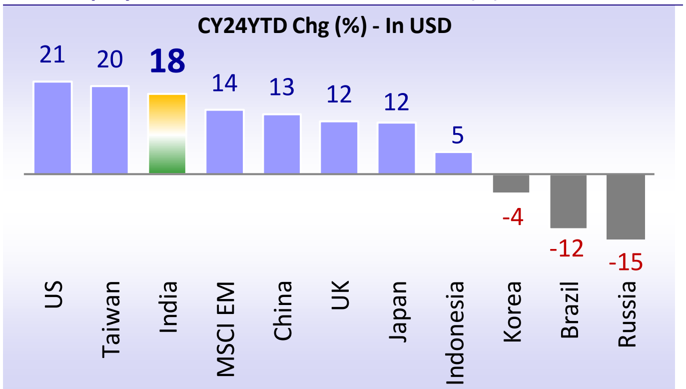
Bulls & Bears

India Valuations Handbook

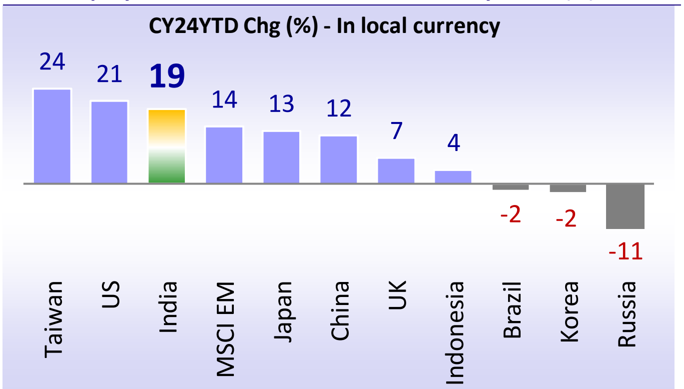
Strategy: Nifty continues its upward momentum, surpasses the 26k milestone!

- **Market rallies for the fourth consecutive month; surpasses the 26k milestone:** The Nifty surpassed the 26k mark in Sep'24 to hit a record high of 26,277 before ending +2.3% MoM at 25,811 in Sep'24. The index has closed higher for the fourth straight month now. Notably, the index was extremely volatile and swung around 1,524 points before closing 575 points higher. The Nifty is up 18.8% in CY24YTD. During the last 12 months, midcaps and smallcaps have gained 48% and 50%, respectively, while largecaps have risen 31% only. During the last five years, midcaps have outperformed largecaps by 150%, while smallcaps have outperformed largecaps by 118%.
- **Highest FII inflows since Jan'24; DII inflows remain strong:** For the fourth consecutive month in Sep'24, FIIs were net buyers of USD5.9b – the highest since Jan'24. DII inflows continued to remain strong at USD3.8b in Sep'24. FII inflows into Indian equities stand at USD11b in CY24YTD vs. inflows of USD21.4b in CY23. DII inflows into equities in CY24YTD continue to be strong at USD40.8b vs. USD22.3b in CY23.
- **Breadth favorable in Sep'24:** Among sectors, Metals (+8%), Utilities (+5%), Real Estate (+4%), Consumer (+4%), and Financial (+4%) were the top gainers, whereas Telecom (-5%), PSU Banks (-3%), and Technology (-2%) were the only laggards MoM. Bajaj Auto (+13%), Shriram Finance (+12%), Bajaj Finserv (+11%) Tata Steel (+10%), and M&M (+10%) were the top performers, while Tata Motors (-12%), ONGC (-10%), TCS (-6%), Bharat Electronics (-5%), and Dr Reddy's (-4%) were the key laggards.
- **India among the top-performing markets in Sep'24:** Among the key global markets, China (+17%), MSCI EM (+6%), Russia (+6%), India (+2%), and the US (+2%) ended higher in local currency terms. However, Brazil (-3%), Korea (-3%), Japan (-2%), Indonesia (-2%), and the UK (-2%) ended lower MoM in Sep'24. Over the last 12 months, the MSCI India Index (+40%) has outperformed the MSCI EM Index (+23%) handsomely. Over the last 10 years, the MSCI India Index has notably outperformed the MSCI EM index by a robust 195%.
- **Economy – household financial net worth at a new peak in 1QFY25:** Just a couple of months ago, the Reserve Bank of India (RBI) published an article in its monthly Bulletin, presenting the first-ever quarterly estimates of the financial wealth of Indian households (HHs) from FY12 to FY23 (Jun'11-Mar'23). These efforts have been highly appreciated, as they notably contribute to bridging the data gap and providing deeper insights into the financial positions of HH in India. However, it is important to note that the article did not provide detailed estimates of HH financial assets. In our recent report, we present our estimates of HH financial wealth based on the information shared in the RBI's article.
- **Our view:** With markets at a new high, the Nifty-50 is currently trading at 21.5x its one-year forward earnings, above its historical average of 20.4x (at a 5% premium). India has been perceived as relatively expensive for a long period compared to its emerging market peers. This premium valuation is supported by: 1) Nifty PAT CAGR of 25%, 18%, and 12% over the last 3, 5, and 10 years, respectively; 2) a stable political environment with the BJP (under NDA) winning a third consecutive term; 3) a GDP growth rate of 6% to 7%; and 4) strong macroeconomic indicators, including a stable currency, controlled twin deficits, peaking of interest rates, moderating inflation print, and massive development of digital and physical infrastructure. We remain constructive on the markets, and our preference is predominantly in favor of largecaps, as the valuations of midcap and smallcap indices are at a premium of 59% and 12% to Nifty-50, respectively. Our model portfolio underscores our strong belief in domestic structural and cyclical themes. We continue to remain bullish on PSU Banks, Consumption, Industrials, and Real Estate, and we have turned constructive on Technology. We also remain positive on Healthcare, and maintain our underweight stance on Private Banks and Energy.
- **Top ideas: Largecaps** – ICICI Bank, SBI, HUL, L&T, HCL Tech, M&M, Coal India, Titan, Hindalco, and Mankind Pharma; **Midcaps and Smallcaps** – Indian Hotels, Godrej Properties, Ashok Leyland, Persistent System, Kaylan Jewellers, Metro Brands, PNB Housing, Cello World, Angel One and Gravita India.

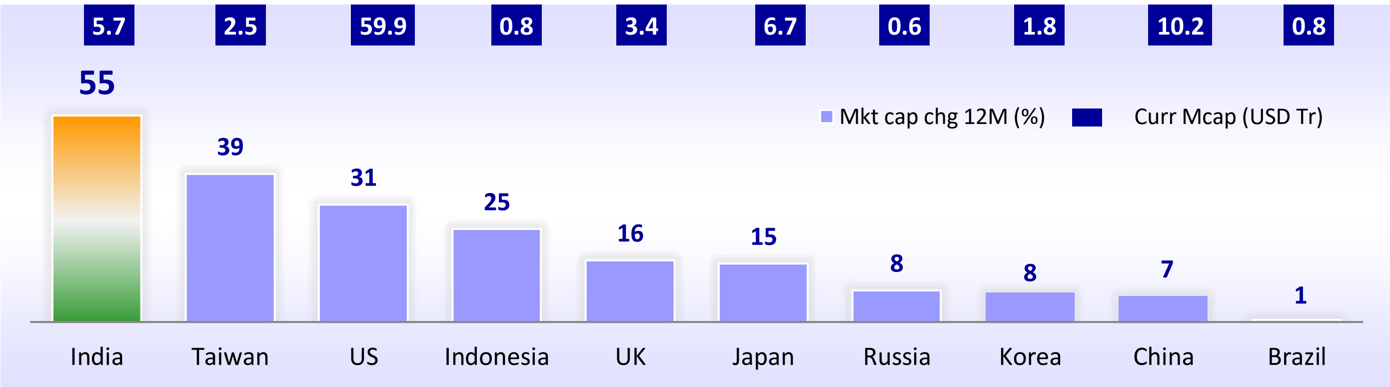
World equity indices in CY24YTD in USD terms (%)



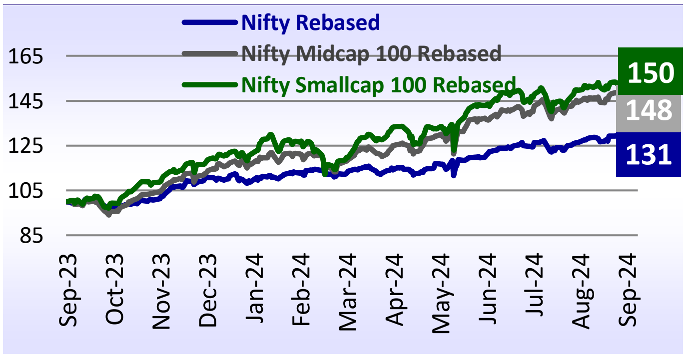
World equity indices in CY24YTD in local currency terms (%)



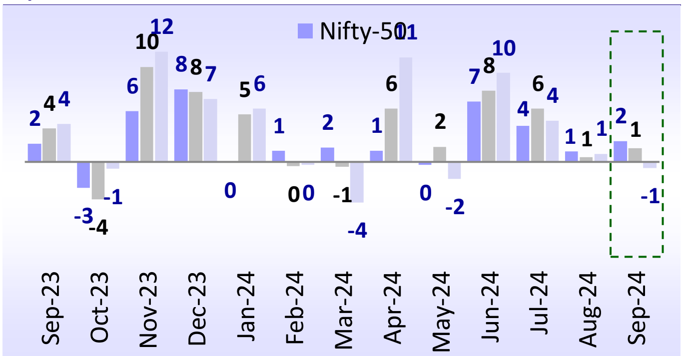
Change in market cap over the last 12 months (%) – Global market cap has increased 21.8% (USD22.4t), whereas India's market cap has surged 54.6%



Performance of midcaps/smallcaps vs. largecaps over the last 12 months



MoM performance (%) – Midcaps / smallcaps underperform in Sep'24



MOTILAL OSWAL | MORNING INDIA

3 October 2024

Update | Sector: Specialty Chemicals

Fine Organic Industries

BSE SENSEX	S&P CNX
82,497	25,250

FINE ORGANICS

Stock Info

Bloomberg	FINEORG IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	158.1 / 1.9
52-Week Range (INR)	5959 / 4005
1, 6, 12 Rel. Per (%)	-4/8/-23
12M Avg Val (INR M)	199
Free float (%)	25.0

Financials Snapshot (INR b)

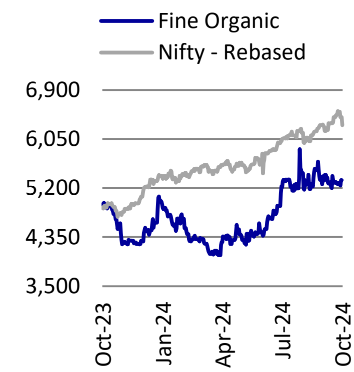
Y/E March	FY24	FY25E	FY26E
Sales	19.5	21.5	22.5
EBITDA	4.8	4.8	4.7
PAT	3.7	3.7	3.6
EPS (INR)	120.0	119.2	116.9
EPS Gr. (%)	-37.7	-0.7	-1.9
BV/Sh.(INR)	607.1	716.3	823.5
Ratios			
Net D:E	-0.5	-0.6	-0.6
RoE (%)	21.8	18.0	15.2
RoCE (%)	21.7	18.1	15.3
Payout (%)	8.3	8.3	8.3
Valuations			
P/E (x)	43.0	43.3	44.1
P/BV (x)	8.5	7.2	6.3
EV/EBITDA (x)	30.9	30.5	30.2
Div. Yield (%)	0.2	0.2	0.2
FCF Yield (%)	3.4	2.1	2.3

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	75.0	75.0	75.0
DII	11.1	10.8	12.3
FII	4.9	4.5	3.8
Others	8.9	9.8	9.0

FII Includes depository receipts

Stock performance (one-year)



CMP: INR5,156 TP: INR4,095 (-21%) Sell

Medium-term outlook continues to remain gloomy

- **The global oleochemicals market, valued at USD37.9b in CY23 and projected to reach USD65.4b by CY30, presents healthy opportunities for Fine Organic Industries (FINEORG). The company is well-positioned to capitalize on the growing demand for sustainable alternatives through strategic investments in R&D and capacity expansion.**
- **FINEORG is investing in a greenfield expansion at JNPA (Mumbai) to boost its export capacity and support international growth. The company is also exploring manufacturing facilities in the US or Europe. However, it is facing capacity constraints and land acquisition challenges that could delay any new capacity buildup by up to 30 months.**
- **FINEORG is currently trading at ~44x FY26E EPS and ~30x FY26E EV/EBITDA. Valuations appear expensive for a company that is going to experience a YoY earnings decline for the next two years (-1%/-2% in FY25/26). We reiterate our Sell rating on the stock with a TP of INR4,095.**

Opportunities galore in the oleochemicals market…

- The global oleochemicals market was valued at USD37.9b in CY23 and is projected to report a 6.3% CAGR, reaching USD65.4b by CY30. This growth is likely to be driven by the rising demand for sustainable, plant-based alternatives to petroleum-derived chemicals across industries, such as food, personal care, and plastics.
- Oleochemicals have versatile applications across numerous industries, including personal care, food processing, polymers, cosmetics, lubricants, and biofuels. FINEORG has a presence in all these categories. Additionally, global regulations are increasingly favoring the use of bio-based products to mitigate the environmental impact of chemical manufacturing.
- FINEORG is strategically positioned to capitalize on the growing opportunities in the oleochemicals market, fueled by the rising demand for sustainable, bio-based products, including green additives. Its strategic investments in R&D, capacity expansion, and global market penetration would further strengthen its market position and enable it to meet the evolving needs of customers across diverse industries.

…but medium-term growth outlook appears soft

- The company has invested in a new greenfield expansion project through its subsidiary, Fine Organic Industries (SEZ) Pvt Ltd, which is acquiring land at JNPA (Mumbai). This facility is anticipated to bolster the company's international growth strategy by improving its export capacity.
- FINEORG aims to strengthen its presence in the export market by establishing manufacturing facilities in the US/Europe. It has also been seeking to expand its business operations through strategic acquisitions for two years now; however, it has yet to achieve this goal.

- That being said, management faces capacity constraints due to the lack of new land parcels for further expansion, and all current capacities are operating at optimal utilization (barring Patalganga-II, which still has some headroom for ramp-up).
- The company has been searching for land for nearly two years now but has not yet been able to successfully procure one. Further, even if capacity buildup were to commence today, it would take six months to obtain environmental clearance (EC) and another 18-24 months to commission the new capacity.

Valuation and view

- The long-term prospects for FINEORG remain robust, as the company operates within the oleochemicals industry and has consistently driven growth through R&D innovations over the years. However, we anticipate that its performance may be adversely affected in the near-to-medium term due to the following: 1) longer-than-expected delays in the commissioning of new capacities for expansion, 2) existing plants operating at optimum utilization with no potential of debottlenecking, and 3) further delays in the commencement of commercial supplies from the Thailand JV.
- We estimate a compounded EBITDA/PAT decline of 1% each over FY24-26, with margin in the range of 21-22% during the same period. FINEORG is currently trading at ~44x FY26E EPS and ~30x FY26E EV/EBITDA. Valuations appear expensive for a company that is going to experience a YoY earnings decline for the next two years (-1%/-2% in FY25/26). **We reiterate our Sell rating on the stock with a TP of INR4,095.**

Industry growth potential factors

Industry	Key Additives & Ingredients	End-Use Applications	Growth Drivers
FOOD ADDITIVES 	▪ Emulsifiers ▪ Anti-fungal agents ▪ Beverage cloudifier ▪ Anti-crystallisers	▪ Bakery products ▪ Confectionery ▪ Biscuits ▪ Oil and fats ▪ Dairy products ▪ Beverages	▪ Increased consumption ▪ Increased number of end-user applications ▪ People moving towards busy lifestyle ▪ Changing food habits
POLYMER ADDITIVES 	▪ Lubricants ▪ Anti-fogging additives ▪ Anti-static additives ▪ Anti-scratch ▪ Processing aids ▪ Flow improvers ▪ Slip additives ▪ Dispersants	▪ Packaging films ▪ Bottle caps ▪ Wires & Cable ▪ Packaging ▪ Furniture ▪ Automobiles ▪ Pipes & Fittings ▪ Biodegradable plastic	▪ Replacing the use of conventional plastics ▪ Recycling of plastics ▪ Increased use of bioplastics ▪ Increased use of plastic as a substitute of other materials ▪ Demand for green polymer additives ▪ Development of performance polymer additives ▪ Increasing urbanisation and replacement of metal and wood ▪ Increased use of package materials
FEED NUTRITION ADDITIVES 	▪ Natural antibiotics ▪ Nutritional additives ▪ Anti-fungal additives	▪ Poultry feeds ▪ Cattle feeds ▪ Aquaculture	▪ Growing health and safety awareness in the food processing ▪ industry ▪ Increased demand for quality end products ▪ Growing awareness about the healthy products

Source: Company, MOFSL

Tega Industries

BSE SENSEX	S&P CNX
82,497	25,250

Bloomberg	TEGA IN
Equity Shares (m)	66.5
M.Cap.(INRb)/(USDb)	129.5 / 1.5
52-Week Range (INR)	2035 / 842
1, 6, 12 Rel. Per (%)	14/33/88
12M Avg Val (INR M)	125

Financials & Valuations (INR b)

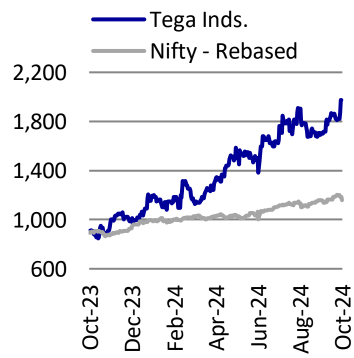
Y/E MARCH	FY22	FY23	FY24
Net Sales	9.5	12.1	14.9
EBITDA	1.8	2.7	3.2
PAT	1.2	1.8	1.9
EPS (INR)	17.6	27.7	29.2
GR. (%)	-14.3	57.4	5.3
BV/Sh (INR)	110.9	158.1	179.6
Ratios			
ROE (%)	17.3	20.6	17.3
RoCE (%)	14.4	16.8	15.3
Valuations			
P/E (X)	110.9	70.5	66.9
P/BV (X)	17.6	12.4	10.9
EV/EBITDA (X)	71.9	48.9	41.5
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	74.8	74.8	75.0
DII	18.9	19.1	16.6
FII	1.7	1.5	2.5
Others	4.6	4.6	5.9

FII Includes depository receipts

Stock performance (one-year)



CMP: INR1,946 Not Rated

Making a mark on the global stage

We recently interacted with the management of Tega Industies (TEGA) to gain insights on the company's growth strategy and opportunities that it is looking to capitalize on. TEGA is a leading manufacturer and distributor of specialized 'critical to operate' and recurring consumable products for the global mineral beneficiation, mining and bulk solids handling industries. It offers comprehensive solutions to marquee global clients in the mineral beneficiation, mining and bulk solids handling industry. Over FY20-24, it has delivered a revenue/EBITDA/PAT CAGR of 35%/40%/32%. The company is focused on expanding its geographical footprint, product offerings and foraying into adjacencies to sustain its growth trajectory. It currently has an order book of INR5.5b.

One of the top-5 players in an oligopolistic market

TEGA's key offerings include mill liners (~75% of revenue), wear products, screens & trommels, hydrocyclones, conveyor products, etc. largely catering to gold and copper mining. These products are consumables for mining companies, forming part of the opex spend which insulates TEGA from the cyclical nature of capex. The global steel mill liner market is pegged at USD900m (ex-China), where TEGA is the fifth largest player in an oligopolistic market (~50% share collectively held by top 5 players) where it competes with global majors such as Metso-Outotec, Me Elecmetal, Bradken and PT Growth. In addition to India, TEGA has a local presence in key mining hubs of Chile, South Africa and Australia. Accordingly, exports account for ~75% of its revenue.

On the right side of disruption

Steel mill liners account for a huge chunk in the global mill liner industry (56% in 2020) with rubber and composite mill liners being the other two categories. Steel mill liners dominate the market due to higher strength, ready availability and find applications in large grinding mills. Conversely, rubber mill liners are more suited to small and medium-sized mills. The key downside of steel liners is longer downtime owing to heavier weight, higher power consumption, and propensity to corrode. Through DynaPrime, which is TEGA's flagship offering in the composite (combination of alloy steel and rubber) category, the company has come up with a novel solution for the issues faced by steel mill liners and has managed to make inroads in the segment. Another structural tailwind for TEGA is the deteriorating quality of ores, which necessitates deeper mining in order to extract the same amount of gold/copper. This leads to higher wear and tear of mill liners, fueling demand for TEGA's products.

Addressing a larger TAM through inorganic expansion

Since inception, the company has largely been a consumables-oriented player, catering to the opex-related spending in a mining operation, where the global TAM (ex-China) is pegged at ~USD900m. In a bid to enhance its value proposition and product offerings beyond consumables, TEGA took over the operations of McNally Sayaji Engineering, which offers comprehensive solutions for manufacturing and marketing of crushing, screening grinding, material handling and mineral processing equipment. It has been since renamed as Tega McNally Mining Ltd (TMML). Since its acquisition, TEGA has managed to scale up its margin from ~5% in FY23 to ~10% in FY24. It aims to further improve the margins by 200-300bp and has outlined capex of INR250-300m for TMML over the next 2-3 years.

Capacity expansion to cement LatAm market presence

TEGA has earmarked a capex outlay of ~USD30m in Chile which will enable it to deepen its presence in Latin America, which has 40% of global copper reserves. Once commissioned, the enhanced capacity has a revenue potential of ~INR10b. Additionally, it has acquired a land parcel measuring 51,000 sq m, adjacent to its existing facility in order to gear up for future expansion. Notably, it has acquired the land at the same rate as the initial plot. South America, which has the largest population of steel-lined mills, is the fastest-growing geography for DynaPrime.

Outlook remains sanguine

Though TEGA derives the majority of its revenues from exports (~75%), it is optimistic about domestic prospects as well, with the acquisition of McNally. There is a healthy opportunity potential especially on the coal and iron ore front, with the renewed interest in thermal capacity addition. Notably, in addition to traditional minerals, the company has developed capabilities on the lithium and rare earths side which it aims to capitalize on, as and when it reaches a critical mass. In terms of guidance, consumables segment is poised to clock in a CAGR of 15-20%, while the equipments segment will grow faster, albeit on a low base. Overall blended margin would be in the 21-22% range. NWC would remain in the vicinity of ~110 days.

Valuation and view

The stock is currently trading at 67x FY24 EPS. Not rated.

Bajaj Finance

BSE SENSEX	S&P CNX
82,497	25,250

Financials Snapshot (INR b)			
Y/E March	FY25E	FY26E	FY27E
Net Income	446	566	712
PPP	296	384	491
PAT	169	225	295
EPS (INR)	273	363	475
EPS Gr. (%)	17	33	31
BV/Sh. (INR)	1,546	1,862	2,275
Ratios			
NIM (%)	9.8	9.9	9.9
C/I ratio (%)	33.6	32.2	31.0
RoA (%)	4.0	4.2	4.4
RoE (%)	19.6	21.3	23.0
Payout (%)	14.8	13.1	13.1
Valuations			
P/E (x)	27.2	20.4	15.6
P/BV (x)	4.8	4.0	3.3
Div. Yield (%)	0.5	0.6	0.8

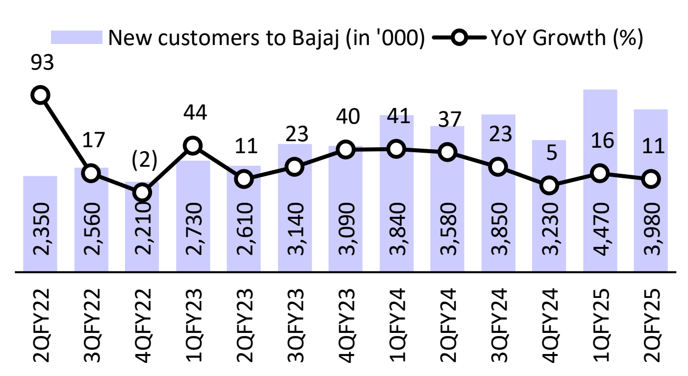
CMP:INR7,433 **Neutral**

Steady quarter with healthy customer additions to the franchise

Trends in 2QFY25 were in line with prior years; AUM growth at ~29% YoY

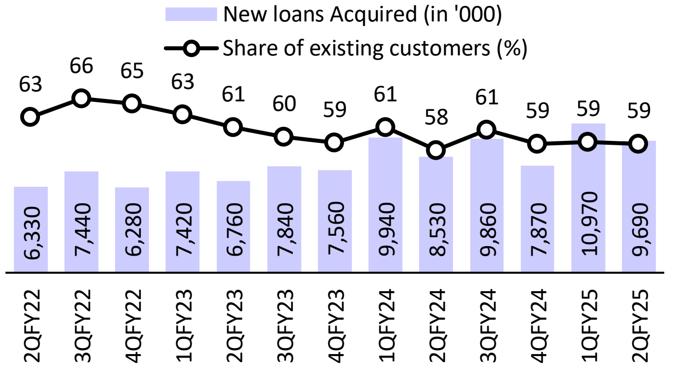
- Total customer franchise stood at ~92.1m, up ~20% YoY/4.5% QoQ.
- New customer acquisition was healthy at ~3.98m (vs. 3.58m YoY). This was the first normal quarter with both eCOM and Insta EMI Card products available to the company compared to last three quarters wherein both these products were under the RBI ban.
- New loans booked rose ~14% YoY to 9.7m (vs. 8.5m in 2QFY24).
- AUM growth was broadly in line with the reported AUM at INR3.74t, up ~29% YoY/~6% QoQ.
- Deposit book stood at INR661bn and grew 21% YoY/5% QoQ.
- AUM growth of ~29% YoY indicates a slowdown (or calibration in growth) in unsecured products like personal loans and business loans.
- The consolidated liquidity surplus stood at INR201b (vs. INR162b QoQ). Surplus liquidity stood at ~5.4% of AUM (vs. 4.6% QoQ). We believe that the liquidity on the balance sheet was elevated because of a fresh equity raise of ~INR35.6b in the IPO of Bajaj Housing Finance in Sep'24.

Strong new customer acquisitions



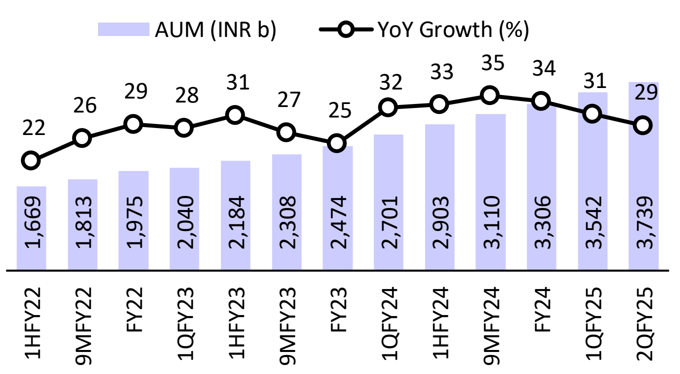
Source: MOFSL, Company

Share of existing customers stable on sequential basis



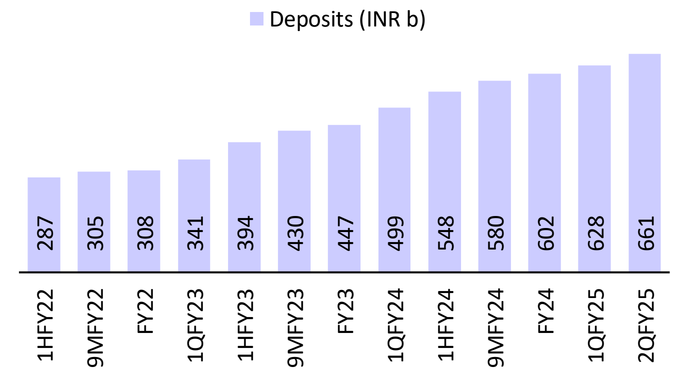
Source: MOFSL, Company

AUM rose 6% QoQ and 29% YoY



Source: MOFSL, Company

Deposits stood at INR661b, up 21% YoY



Source: MOFSL, Company

Avenue Supermarts

BSE SENSEX	S&P CNX
82,497	25,250

CMP: INR4,943 TP: INR 5,800(17%) BUY

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	508	612	745
EBITDA	41	51	67
Adj. PAT	25	32	42
EBITDA Margin (%)	8.1	8.4	9.0
Adj. EPS (INR)	39	49	65
EPS Gr. (%)	6	25	33
BV/Sh. (INR)	287	336	401
Ratios			
Net D:E	0.0	0.0	-0.1
RoE (%)	14.6	15.6	17.6
RoCE (%)	14.3	15.4	17.3
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	126.8	101.4	76.4
EV/EBITDA (x)	78.3	62.7	47.8
EV/Sales (X)	6.3	5.2	4.3
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	0.0	0.1	0.5

2QFY25 pre-quarter update

Revenue growth moderated to 14% YoY (4% miss due to weak productivity)

- **Growth moderates further:** Standalone revenue growth moderated to 14% YoY (INR141b) from 17-20% YoY over the last six quarters and was ~4% below our estimate.
- Revenue growth moderation was due to lower store additions in the past few quarters (except 4QFY24) and weaker store productivity (+1% YoY). We believe **preference for Convenience (rapid adoption of quick commerce) over Value** could also have contributed to growth moderation for DMART.
- **Weaker productivity**
  - Annualized revenue per store of INR1.5b was up only 1% YoY vs. 4-7% growth over the last six quarters.
  - Annualized revenue per sq.ft. (calc) was also up ~1% YoY, as per our estimate (vs. 4-6% since 1QFY24).
- **Store additions remain soft:** DMART added six stores in 2QFY25, taking the total count to 377 stores (+12% YoY). For FY25, we assume ~40 store additions (vs. 12 in 1HFY25).

Exhibit 1: Quarterly trend

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25E	est change
Revenue (INR b)	**104**	**113**	**103**	**116**	**123**	**132**	**124**	**137**	**141**	***146***	***-3.8***
YoY growth	36%	25%	20%	18%	19%	17%	20%	18%	14%	*19%*	
Store count	**302**	**306**	**324**	**327**	**336**	**341**	**365**	**371**	**377**	***379***	***-0.5***
Store adds	8	4	18	3	9	5	24	6	6	*8*	
YoY growth	23%	16%	14%	11%	11%	11%	13%	13%	12%	*13%*	
Total Area (mn sqft)*	**12.4**	**12.6**	**13.4**	**13.5**	**13.9**	**14.2**	**15.2**	**15.4**	**15.7***	***15.7***	***-0.5***
YoY growth	31%	22%	17%	12%	12%	13%	13%	14%	13%	*13%*	
Rev/Store (INR m)	**1,394**	**1,487**	**1,313**	**1,424**	**1,485**	**1,565**	**1,404**	**1,490**	**1,503**	***1,558***	***-3.5***
YoY growth	10%	4%	4%	5%	7%	5%	7%	5%	1%	*5%*	
Rev/sq ft*	**33,909**	**36,175**	**31,807**	**34,452**	**35,935**	**37,728**	**33,793**	**35,907**	**36,201**	***37,528***	***-3.5***
YoY growth	2%	-2%	1%	4%	6%	4%	6%	4%	1%	*4%*	

**calculated number*

Bank of Baroda

BSE SENSEX	S&P CNX
82,497	25,250

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	447.2	471.9	511.4
OP	309.7	322.4	357.5
NP	177.9	194.7	213.9
NIM (%)	3.1	2.9	2.9
EPS (INR)	34.4	37.6	41.3
EPS Gr. (%)	26.1	9.4	9.9
BV/Sh. (INR)	211	241	273
ABV/Sh. (INR)	194	224	253
Ratios			
RoE (%)	17.8	16.9	16.3
RoA (%)	1.2	1.2	1.2
Valuations			
P/E(X)	7.1	6.5	5.9
P/BV (X)	1.2	1.0	0.9
P/ABV (X)	1.3	1.1	1.0

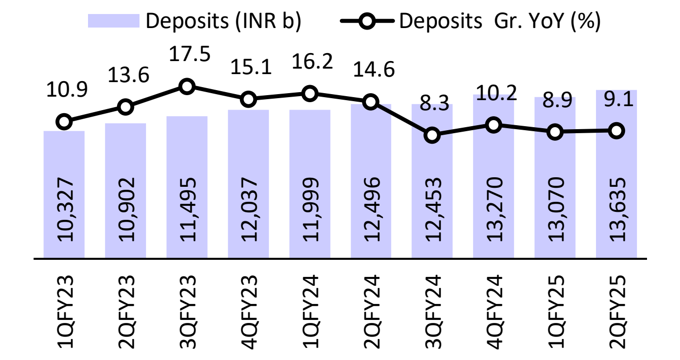
CMP: INR245 — Buy

Business growth rebounds after sluggish 1Q

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

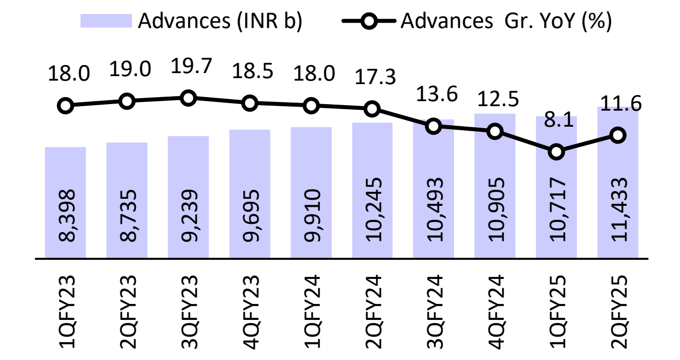
- Total global advances grew 11.6% YoY (up 6.7% QoQ) to INR11.4t, with domestic advances up 12.5% YoY (up 6.5% QoQ). International book too grew at a healthy 7.6% YoY/7.5% QoQ, which forms 16% of the total book. Domestic retail loans grew strongly by 20% YoY.
- Total deposits also witnessed decent growth of 9.1% YoY (up 4.3% QoQ) to INR13.6t, with 7.1% YoY growth in domestic deposits.
- The bank's global business grew by 10.23% YoY to INR25.1t.
- Healthy advances growth led to a C/D ratio of 82% (calculated).

Deposits up 9.1% YoY and 4.3% QoQ



Source: MOFSL, Company

Advances grew 11.6% YoY and 6.7% QoQ



Source: MOFSL, Company

Punjab National Bank

BSE SENSEX	S&P CNX
84,266	25,797

Stock Info

Bloomberg	PNB IN
Equity Shares (m)	11011
M.Cap.(INRb)/(USDb)	1209.2 / 14.4
52-Week Range (INR)	143 / 67
1, 6, 12 Rel. Per (%)	-12/-31/0
12M Avg Val (INR M)	5811
Free float (%)	26.9

Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	400.8	437.0	464.8
OP	249.3	287.3	307.9
NP	82.4	143.6	168.5
NIM (%)	2.8	2.8	2.8
EPS (INR)	7.5	13.0	15.3
EPS Gr. (%)	228.8	74.2	17.3
BV/Sh. (INR)	93	103	115
ABV/Sh. (INR)	84	96	106
Ratios			
RoE (%)	8.7	13.8	14.4
RoA (%)	0.5	0.9	0.9
Valuations			
P/E(X)	14.2	8.1	6.9
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.3	1.1	1.0

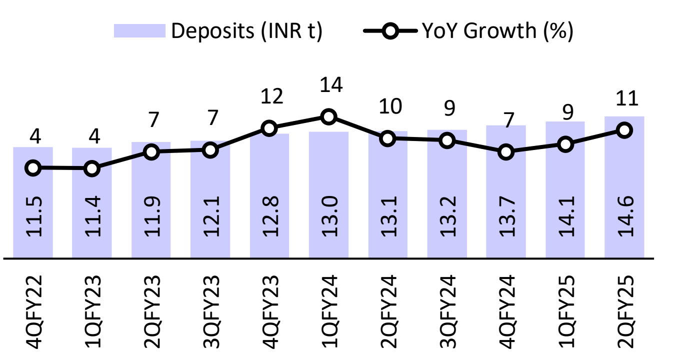
CMP: INR106 — Neutral

Business growth steady; maintains CD ratio at 72.9%

PNB released its quarterly business numbers for 2QFY25. Here are the highlights:

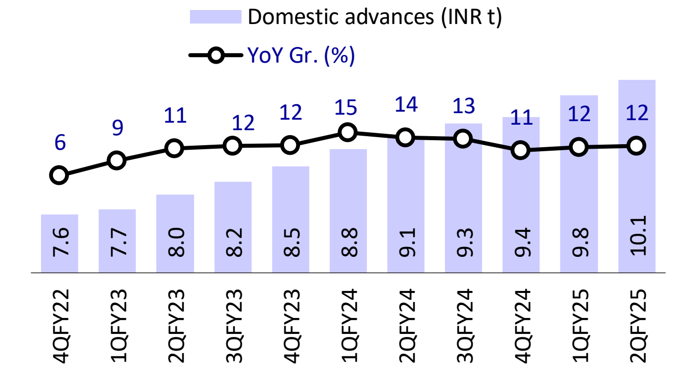
- **Gross global advances grew 13% YoY to ~INR10.6t (up 3.5% QoQ). Domestic advances, which formed 95% of total advances, also grew 11.8% YoY (up 2.8% QoQ) to INR10.1t as of 2QFY25.**
- **The total deposit grew healthy at 11.4% YoY (3.6% QoQ) to INR14.6t. Domestic deposits rose 11% YoY (+3.5% QoQ).**
- **CD ratio for the bank thus remained steady at 72.94% vs. 73.05% in 1QFY25.**
- **Overall, PNB posted a healthy growth in advances, fueled by faster growth in global advances. The traction in deposits was healthy and better than our estimates, which led to a stable CD ratio.**

Exhibit 1: Total deposits grew ~11.4% YoY (+3.6% QoQ)



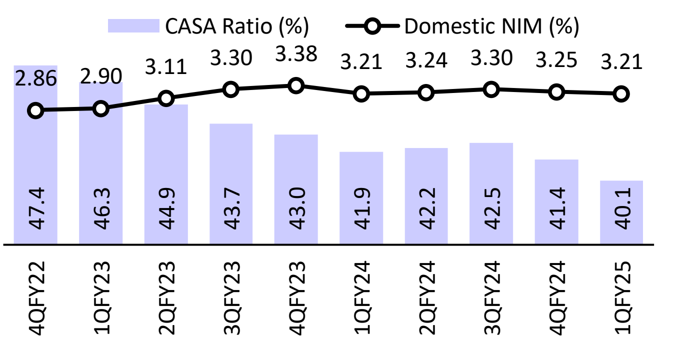
Source: MOFSL, Company

Exhibit 2: Domestic advances grew 11.8% YoY (+2.8% QoQ)



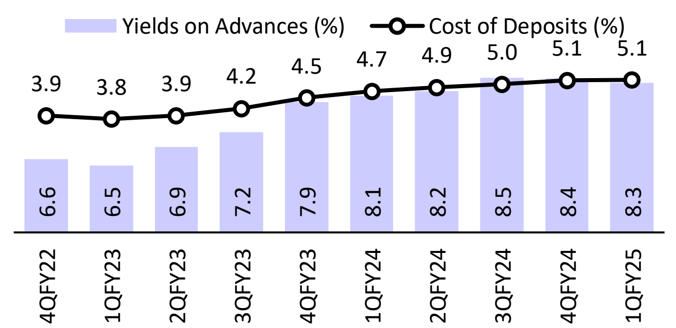
Source: MOFSL, Company

Exhibit 3: NIM stood at 3.2% in 1QFY25



Source: MOFSL, Company

Exhibit 4: Cost of deposits stood at 5.1% in 1QFY25



Source: MOFSL, Company

Mahindra Finance

BSE SENSEX			S&P CNX
82,497			25,250
Financials Snapshot (INR b)			
Y/E March	**FY25E**	**FY26E**	**FY27E**
NII	84.1	103.4	118.0
PPP	50.8	66.2	76.0
PAT	25.5	34.9	39.6
EPS (INR)	20.7	28.3	32.1
EPS Gr. (%)	45	37	13
BV/Sh.(INR)	169	190	213
Ratios			
NIM (%)	6.9	7.3	7.3
C/I ratio (%)	39.6	36.0	35.6
RoA (%)	2.0	2.4	2.4
RoE (%)	12.7	15.7	15.9
Payout (%)	31.1	28.5	26.0
Valuations			
P/E (x)	16.1	11.7	10.3
P/BV (x)	2.0	1.8	1.6
Div. Yield (%)	1.9	2.4	2.5

CMP: INR322 Buy

Business assets up ~20% YoY; Stage 2/Stage 3 rose by ~30bp/20bp QoQ

Asset quality deterioration could lead to elevated credit costs

Key takeaways from Sep'24 business update:

- 2QFY25 disbursements stood at ~INR131.6b, down ~1% YoY. 1HFY25 disbursements came in at INR259b, up 2% YoY.
- Gross business assets as of Sep'24 stood at ~INR1.13t, up 20% YoY/6% QoQ.
- 2QFY25 collection efficiency (CE) was 96% (PY: 96%).
- MMFS reported deterioration in asset quality, with Stage 3 at 3.8% (PQ: 3.6%) and Stage 2 at 6.4% (PQ: 6.1%), mainly due to seasonality and heavy rainfall/floods in certain regions. This could result in elevated credit costs in 2Q - we estimate annualized credit costs of ~2.1% (PY: ~2.8% and PQ: ~1.7%).
- As of Sep'24, MMFS maintained a comfortable liquidity position with a liquidity chest of ~INR85b.

Trends in disbursements, collection efficiency, and asset quality

MMFS	3QFY24			4QFY24			1QFY25			2QFY25		
	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Disbursements (INR b)	52.5	53.0	49.0	44.0	47.3	61.0	39.3	44.3	43.7		132	
Growth - YoY (%)	0%	18%	5%	10%	13%	9%	4%	7%	3%		-1%	
Business Assets (INR b)	958	966	970	982	1001	1026	1040	1053	1062			1126
Growth - YoY (%)	27%	26%	25%	26%	24%	24%	24%	23%	22%			20%
Collection Efficiency [Monthly]	94%	94%	98%	95%	97%	101%	89%	96%	95%			
Collection Efficiency [Quarterly]		95%			98%			94%			96%	
Stage 2			6.0%			5.1%			6.1%			6.4%
Stage 3			4.0%			3.3%			3.6%			3.8%
Stage 2 + Stage 3 [30+dpd]			**10.0%**			**8.4%**			**9.7%**			**10.2%**
Write-offs (INR b)		4.5			6.0			3.2				

MMFS	3QFY24			4QFY24			1QFY25			2QFY25		
	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Commentary on Asset Quality												
Stage 2	Range-bound v/s Sep'23	Range-bound v/s Sep'23	Range-bound v/s Sep'23	Range-bound v/s Dec'23	Range-bound v/s Dec'23	QoQ reduction of ~90bp v/s Dec'23	Range-bound v/s Mar'24	Stage 2 and 3 remained below 10%	~100bp QoQ increase in Stage 2			~30bp QoQ increase in Stage 2
Stage 3/NPA contracts	Range-bound v/s Sep'23	Range-bound v/s Sep'23	QoQ reduction of ~30bp v/s Sep'23	Range-bound v/s Dec'23	Range-bound v/s Dec'23	QoQ reduction of ~70bp v/s Dec'23	Range-bound v/s Mar'24		~30bp QoQ increase in Stage 3			~20bp QoQ increase in Stage 2

NMDC: Most of capex will be funded by internal accruals ; Amitava Mukherjee, CMD

- Indian iron ore has always traded 20-40% lower than international prices.
- Believe production will be more than 48mt, dispatches will be 50mt.
- Have catalogues Rs 70,000-75,000 crore of investments that will be required.
- NMDC steel should breakeven by end of this month.

Read More

HPCL: Crude oil prices flare up after the Iran attack on Israel: is a petrol price cut still possible?; M K Surana, CMD

- Situation w.r.t. Crude oil prices changed substantially in last 3-4 days
- Need to factor in inventory losses in Q2; when crude prices were high, fuel prices were not increased
- IOC should be okay without any rights issue funding by the government
- Even though there is clamour to reduce fuel oil prices, should be in wait & watch mode

Read More

NLC India: NEP is envisaging 7-8% demand increase till 2031-2032; Prasanna Kumar Motupalli, Chairman & MD

- NEP plan is envisaging 7-8% demand increase till 2031-2032.
- In 2030, we will become 20 GW, 10 GW of thermal & 10 GW renewable capacity.
- On track to meet or even likely to beat capacity addition target.
- Renewable energy arm IPO expected in Q4FY25 or Q1FY26.

Read More

CSB Bank: Proper documentation needs to be in place for lenders in gold segment; Pralay Mondal, MD & CEO

- 25-30% gold price rise in the past year has boosted the gold loan business.
- Proper documentation is critical for lenders in the gold loan segment.
- The business rebounded strongly after Q1FY25, with gold loan growth outpacing overall growth.
- Deposit growth remains a focus, while Wholesale and SME growth is expected to accelerate in H2FY25.

Read More

Atul Auto: EV contribution will be 1/3rd of mix in FY25; Jitendra Adhia, President-Finance Atul Auto

- Margin profile remains steady, with exports offering higher margins.
- FY25 is expected to outperform FY24, with EVs contributing 25% of the product mix.
- Exports are projected to rise to 15-25% of the mix, up from the current 10%.
- The Ahmedabad unit is operating at 60-70% capacity utilization.

Read More

Index	1 Day (%)	1M (%)	12M (%)
Sensex	**-2.1**	**-0.1**	**25.9**
Nifty-50	**-2.1**	**-0.1**	**29.3**
Nifty Next 50	**-2.4**	**0.0**	**67.0**
Nifty 100	**-2.2**	**-0.1**	**34.9**
Nifty 200	**-2.2**	**-0.2**	**36.5**
Company	**1 Day (%)**	**1M (%)**	**12M (%)**
Automobiles	**-2.9**	**1.0**	**64.5**
Amara Raja Ener.	-4.0	-10.2	110.8
Apollo Tyres	-4.5	4.6	41.4
Ashok Leyland	-3.1	-8.1	29.9
Bajaj Auto	-2.9	6.9	135.4
Balkrishna Inds	-3.2	1.3	17.7
Bharat Forge	-2.7	-5.0	37.4
Bosch	-1.9	14.6	97.9
CEAT	-3.8	7.8	43.3
Craftsman Auto	-2.9	8.5	36.1
Eicher Motors	-3.8	-1.7	42.7
Endurance Tech.	-2.5	-6.7	48.3
Escorts Kubota	-1.4	9.4	32.9
Exide Inds.	-3.0	1.5	90.9
Happy Forgings	0.0	0.6	
Hero Motocorp	-1.5	0.3	87.8
M & M	-1.1	12.4	103.6
CIE Automotive	-2.2	-4.8	17.1
Maruti Suzuki	-3.9	2.0	22.2
MRF	-3.0	1.3	25.7
Sona BLW Precis.	-3.3	-0.6	20.7
Motherson Sumi	-3.2	5.8	113.0
Motherson Wiring	-2.8	-3.2	6.7
Tata Motors	-4.1	-14.7	49.2
TVS Motor Co.	-4.0	-2.0	78.1
Tube Investments	-3.5	2.5	39.1
Banks-Private	**-2.6**	**-0.4**	**12.1**
AU Small Fin. Bank	-0.1	8.5	3.8
Axis Bank	-4.2	-1.3	12.9
Bandhan Bank	-3.2	-6.1	-25.5
DCB Bank	-2.0	-3.4	-4.4
Equitas Sma. Fin	-2.6	-5.8	102.2
Federal Bank	-1.7	-0.4	28.6
HDFC Bank	-2.6	2.7	11.5
ICICI Bank	-1.4	0.7	33.6
IDFC First Bank	-2.0	-4.1	-23.5
IndusInd Bank	-1.6	-3.4	-3.3
Kotak Mah. Bank	-3.0	2.2	5.5
RBL Bank	-1.9	-11.9	-22.1
SBI Cards	-2.7	-2.1	-5.9
Banks-PSU	**-1.2**	**-4.6**	**24.1**
BOB	-1.5	-2.2	12.5
Canara Bank	-2.3	-3.1	40.4
Indian Bank	-2.1	-6.2	16.9
Punjab Natl.Bank	-0.1	-9.1	26.3
St Bk of India	-0.4	-3.7	31.7
Union Bank (I)	-2.4	-2.9	6.1

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	**-2.1**	**-0.1**	**37.7**
Nifty Midcap 100	**-2.2**	**-0.5**	**45.3**
Nifty Smallcap 100	**-2.0**	**-1.9**	**47.9**
Nifty Midcap 150	**-2.1**	**0.0**	**44.3**
Nifty Smallcap 250	**-1.9**	**-0.5**	**47.7**
NBFCs	**-2.4**	**-0.2**	**21.0**
Aditya Birla Capital Ltd	-3.2	4.2	29.6
Angel One	5.5	7.8	49.0
Bajaj Fin.	-3.5	1.1	-6.7
BSE	2.5	44.7	204.6
Cholaman.Inv.&Fn	-4.1	1.1	20.9
Can Fin Homes	-2.0	0.1	15.5
Cams Services	-3.4	1.0	75.7
CreditAcc. Gram.	-2.2	-3.2	-12.1
Fusion Microfin.	-1.9	-23.3	-59.0
Five-Star Bus.Fi	-0.9	7.1	14.7
Home First Finan	-0.8	4.1	41.2
Indostar Capital	-0.4	18.4	77.3
IIFL Finance	-2.5	-3.1	-23.4
L&T Finance	-3.7	5.1	34.2
LIC Housing Fin.	-3.4	-8.3	33.4
MCX	-0.8	11.1	195.6
M & M Fin. Serv.	-2.4	-0.9	7.1
Muthoot Finance	0.4	-0.7	59.0
Manappuram Fin.	-3.2	-10.4	27.7
MAS Financial Serv.	-2.3	0.1	-7.9
360 One	-5.8	-12.8	90.6
PNB Housing	-3.4	-6.4	26.5
Repco Home Fin	-1.8	0.6	32.3
Shriram Finance	-4.5	4.2	77.4
Spandana Sphoort	-2.7	-7.2	-29.6
Insurance			
HDFC Life Insur.	-1.1	-7.4	10.8
ICICI Pru Life	-1.3	-0.8	35.5
ICICI Lombard	-0.9	-3.3	63.6
Life Insurance	-3.3	-8.9	49.9
Max Financial	-1.3	3.7	30.8
SBI Life Insuran	-1.6	-6.4	39.7
Star Health Insu	-2.5	-7.5	-0.8
Chemicals			
Alkyl Amines	-2.9	10.5	2.4
Atul	-2.4	-1.5	11.9
Clean Science	-2.0	7.8	13.2
Deepak Nitrite	-2.3	-1.5	36.3
Fine Organic	-3.3	-4.6	6.0
Galaxy Surfact.	-2.9	2.3	12.9
Navin Fluo.Intl.	-3.9	4.0	-9.4
NOCIL	-0.8	-0.2	27.4
P I Inds.	-1.5	2.7	36.5
SRF	-2.4	-6.4	7.3
Tata Chemicals	0.0	2.2	10.5
Vinati Organics	-2.2	7.5	10.6

Company	1 Day (%)	1M (%)	12M (%)
Capital Goods	**-2.1**	**-7.4**	**-4.5**
A B B	-1.9	4.4	98.2
Bharat Electron	-1.8	-6.2	100.2
Cummins India	-5.0	-3.9	119.4
Hitachi Energy	-1.6	20.7	247.3
K E C Intl.	-2.6	10.3	50.7
Kalpataru Proj.	-2.6	-5.8	102.2
Kirloskar Oil	-1.1	-13.6	112.4
Larsen & Toubro	-4.3	-5.2	13.8
Siemens	-2.2	8.5	105.8
Thermax	-3.6	12.2	55.5
Triveni Turbine	-3.7	-10.0	59.8
Zen Technologies	-2.6	-0.8	122.0
Cement			
Ambuja Cem.	-2.4	-0.1	42.9
ACC	-2.1	5.0	20.8
Birla Corp.	-1.9	-5.1	0.2
Dalmia Bhar.	-0.3	1.8	-17.8
Grasim Inds.	-1.2	2.2	44.5
India Cem	0.4	0.1	57.3
J K Cements	-1.7	-2.3	42.2
JK Lakshmi Cem.	0.9	0.6	20.2
The Ramco Cement	-0.6	4.8	-4.8
Shree Cement	-1.0	2.9	2.5
UltraTech Cem.	-0.9	2.3	41.2
Consumer	**-1.5**	**1.6**	**25.7**
Asian Paints	-3.9	-0.2	-0.6
Britannia Inds.	-1.8	7.0	40.8
Colgate-Palm.	0.5	5.6	94.0
Dabur India	-6.3	-9.1	4.8
Emami	-1.2	-9.5	39.2
Godrej Consumer	-2.9	-7.7	35.8
Hind. Unilever	-1.0	3.5	17.2
ITC	-0.7	0.7	16.6
Indigo Paints	-1.0	2.8	-1.9
Jyothy Lab.	-1.6	-2.5	46.0
Marico	0.8	9.2	21.4
Nestle India	-1.2	5.7	19.9
Page Industries	-2.5	-0.7	6.4
Pidilite Inds.	-1.2	4.0	36.1
P & G Hygiene	-0.7	1.6	-6.6
Tata Consumer	-3.6	-3.9	33.9
United Breweries	-0.7	6.5	37.8
United Spirits	-2.9	5.8	56.6
Varun Beverages	-4.0	-2.0	58.3
Consumer Durables	**-1.7**	**4.0**	**46.0**
Polycab India	0.1	8.3	36.5
R R Kabel	-0.7	7.2	22.2
Havells	-1.3	3.7	42.2
Voltas	-0.5	1.9	111.2
KEI Industries	-1.1	-4.2	58.1
EMS			
Amber Enterp.	6.6	15.9	76.0
Avalon Tech	-4.7	7.4	-6.0
Cyient DLM	-2.8	-5.1	0.7
Data Pattern	-1.0	-16.7	7.2
Dixon Technolog.	-4.1	4.8	157.1
Kaynes Tech	-4.4	8.0	117.9
Syrma SGS Tech.	-1.1	-2.7	-31.3
Healthcare	**-0.5**	**0.7**	**51.7**
Alembic Pharma	4.1	16.3	57.0
Alkem Lab	0.1	0.8	72.4
Apollo Hospitals	-3.5	0.9	34.9
Ajanta Pharma	3.0	5.5	87.0
Aurobindo	1.4	-5.9	60.5
Biocon	-3.8	-1.5	30.7
Zydus Lifesci.	-1.0	-4.0	75.0
Cipla	-0.5	0.2	40.1
Divis Lab	0.1	7.2	45.8
Dr Reddy’s	-0.2	-1.7	23.3
ERIS Lifescience	0.4	-8.6	46.4
Gland Pharma	-1.0	-5.9	5.7
Glenmark	-1.4	-2.6	95.2
Global Health	-2.7	-16.4	30.3
Granules	2.8	-13.0	67.1
GSK Pharma	0.0	-3.4	74.2
IPCA Labs	-1.4	5.1	57.2
Laurus Labs	-1.8	-2.0	15.9
Lupin	-0.5	-2.5	86.0
Mankind Pharma	-1.6	6.1	41.1
Max Healthcare	-2.9	8.1	59.1
Piramal Pharma	-3.0	14.9	117.5
Sun Pharma	-0.5	5.5	67.4
Torrent Pharma	0.7	-1.0	80.4
Infrastructure	**-2.8**	**-0.9**	**48.9**
G R Infraproject	-3.6	4.7	39.9
IRB Infra.Devl.	-2.1	-5.7	94.9
KNR Construct.	-1.4	0.0	17.8
Logistics			
Adani Ports	-2.9	-3.7	71.4
Blue Dart Exp.	-0.9	3.3	25.8
Container Corpn.	-3.4	-8.7	24.9
JSW Infrast	-3.5	5.2	111.9
Mahindra Logis.	-0.1	0.9	24.7
Transport Corp.	0.0	-1.7	36.8
TCI Express	-0.4	-2.8	-25.2
VRL Logistics	-2.7	-10.1	-24.7
Media	**-2.1**	**3.0**	**-7.2**
PVR INOX	-1.1	7.5	-5.0
Sun TV	-3.4	2.7	32.0
Zee Ent.	-3.1	-0.8	-48.5
Metals	**-0.7**	**9.7**	**49.4**
Hindalco	-1.9	10.0	55.7
Hind. Zinc	0.6	6.2	70.3
JSPL	1.5	10.8	50.2
JSW Steel	1.1	11.6	34.9

Index and MOFSL Universe stock performance

Company	1 Day (%)	1M (%)	12M (%)
Nalco	-0.7	24.6	130.6
NMDC	-2.1	11.4	61.7
SAIL	-2.8	4.0	49.4
Tata Steel	0.0	9.7	30.5
Vedanta	-0.9	10.2	121.8
Oil & Gas	**-2.5**	**-5.7**	**64.1**
Aegis Logistics	-3.1	-11.4	125.3
BPCL	-5.3	-1.8	104.4
Castrol India	-3.6	-12.2	71.1
GAIL	0.2	3.3	93.8
Gujarat Gas	-0.9	-9.8	43.4
Gujarat St. Pet.	-2.3	-7.9	48.3
HPCL	-6.7	-2.5	144.7
IOCL	-4.3	-2.7	90.4
IGL	-0.7	-0.2	20.0
Mahanagar Gas	1.6	6.3	75.5
MRPL	-1.7	-12.7	86.2
Oil India	-5.3	-26.2	174.9
ONGC	0.0	-9.4	58.2
PLNG	5.9	1.2	52.3
Reliance Ind.	-3.9	-6.8	21.4
Real Estate	**-4.4**	**0.3**	**81.4**
Brigade Enterpr.	-4.3	10.0	135.6
DLF	-5.4	2.0	60.5
Godrej Propert.	-5.6	6.2	97.4
Kolte Patil Dev.	-2.7	-9.0	-16.8
Mahindra Life.	-2.1	-7.4	-4.5
Macrotech Devel.	-3.7	-4.4	49.2
Oberoi Realty Ltd	-2.3	4.4	60.3
SignatureGlobal	-2.1	12.0	231.3
Sobha	-2.2	5.1	168.7
Sunteck Realty	-2.7	1.8	28.4
Phoenix Mills	-5.4	-8.8	82.4
Prestige Estates	-3.4	-1.7	184.1
Retail			
Aditya Bir. Fas.	-2.3	9.0	59.5
Avenue Super.	-0.2	-0.8	32.7
Bata India	-3.7	-6.3	-15.1
Campus Activewe.	-3.8	17.7	11.1
Barbeque-Nation	-1.1	2.7	-12.7
Devyani Intl.	-3.2	4.3	-14.6
Jubilant Food	-3.6	-2.9	17.6
Kalyan Jewellers	-2.6	12.2	218.1
Metro Brands	-3.1	-0.4	-1.8
Relaxo Footwear	-0.9	-2.1	-11.6
Restaurant Brand	-0.3	1.5	-12.0
Sapphire Foods	-2.2	5.7	23.3
Senco Gold	-4.3	18.7	120.2
Shoppers St.	-5.3	-3.7	14.4
Titan Co.	-2.7	1.5	15.0
Trent	-1.6	6.3	263.6
V-Mart Retail	-0.5	20.9	120.2
Vedant Fashions	-4.1	2.4	-2.3

Company	1 Day (%)	1M (%)	12M (%)
Westlife Food	-2.4	7.7	-8.9
Technology	**-1.6**	**-2.5**	**31.7**
Cyient	-1.8	-6.1	10.5
HCL Tech.	-2.1	-0.7	43.6
Infosys	-0.6	-2.5	32.0
LTIMindtree	-1.4	0.6	18.6
L&T Technology	-4.6	-11.3	11.6
Mphasis	-3.1	-6.5	22.7
Coforge	-0.9	10.2	38.3
Persistent Sys	-4.3	-0.8	83.3
TCS	-1.3	-6.2	20.5
Tech Mah	-1.3	-2.4	31.9
Wipro	-3.0	-1.1	30.8
Zensar Tech	-1.7	-16.0	26.0
Telecom	**-1.8**	**-6.4**	**45.1**
Bharti Airtel	-1.3	7.4	81.1
Indus Towers	-1.7	-14.5	98.0
Idea Cellular	-2.9	-34.7	-17.8
Tata Comm	-0.7	8.2	12.7
Utiltites	**-2.2**	**3.4**	**82.8**
Coal India	-1.2	-3.3	72.1
NTPC	-1.1	7.1	80.5
Power Grid Corpn	-1.9	2.8	72.5
Tata Power Co.	-2.0	8.7	78.7
JSW Energy	-2.1	2.3	60.1
Indian Energy Ex	0.3	1.5	57.1
Others			
APL Apollo Tubes	-0.9	12.5	-2.0
Cello World	-1.1	-1.6	
Coromandel Intl	-3.4	-3.6	45.6
Dreamfolks Servi	-1.8	0.6	32.3
EPL Ltd	-0.4	5.8	38.9
Gravita India	-6.3	2.1	161.2
Godrej Agrovet	0.9	-9.6	53.0
Havells	-1.3	3.7	42.2
Indian Hotels	-1.1	2.3	63.2
Indiamart Inter.	-0.9	-3.3	63.6
Info Edge	-3.3	-8.9	49.9
Interglobe	-3.8	-2.0	94.9
Kajaria Ceramics	-0.5	6.4	9.3
Lemon Tree Hotel	-3.2	-12.4	-0.2
MTAR Technologie	-2.6	-6.6	-34.3
One 97	-0.5	22.2	-17.0
Piramal Enterp.	-4.2	-0.7	0.6
Quess Corp	-2.1	-9.1	78.4
SIS	-2.0	-1.0	-9.3
Team Lease Serv.	-2.1	-3.7	16.0
UPL	-2.5	0.5	-0.3
Updater Services	-3.8	0.1	22.3
Voltas	-0.5	1.9	111.2
Zomato Ltd	-1.9	8.6	155.5

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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

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

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

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