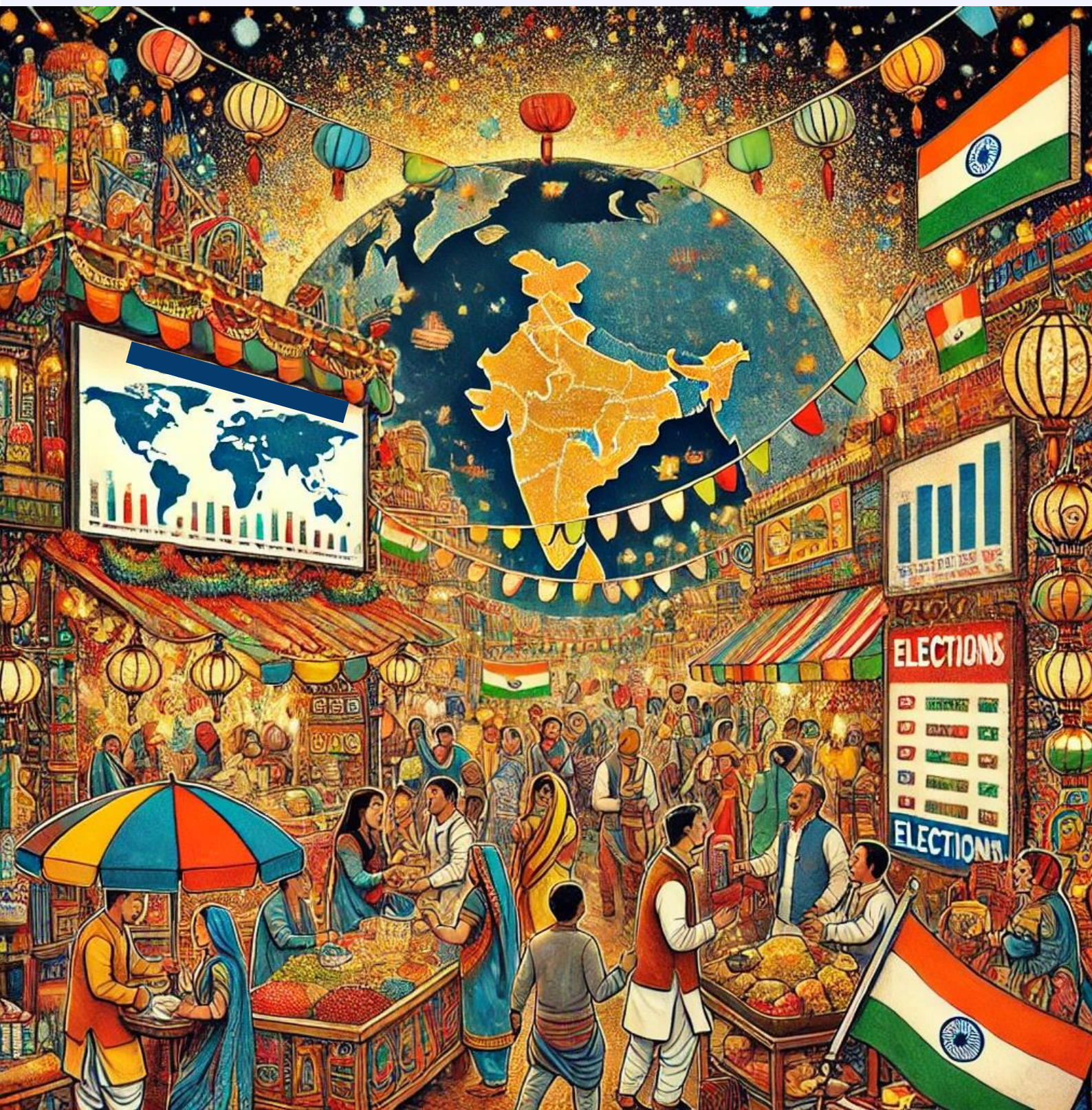




PL Capital
PRABHUDAS LILLADHER

India Strategy



Festive optimism amidst Geopolitical uncertainty

Amnish Aggarwal amnishaggarwal@plindia.com 91-22-6632 2233

THIS PAGE IS INTENTIONALLY LEFT BLANK

October 11, 2024

Top Picks

Large Cap

Ambuja Cement
 Bharti Airtel
 Bharat Electronics
 HDFC Asset Management Company
 ICICI Bank
 IndusInd Bank
 InterGlobe Aviation
 Larsen & Toubro
 Max Healthcare Institute
 Mahindra & Mahindra
 Reliance Industries
 Titan Company

Mid / Small Caps

BEML
 Crompton Greaves Consumer Electricals
 Cyient
 J.B. Chemicals & Pharmaceuticals
 Jindal Stainless
 Lemon Tree Hotels
 R R Kabel
 Safari Industries (India)

Exhibit 1: Model Portfolio v/s Nifty

Returns	Model Portfolio	Nifty	Perf.
Since Nov'18	155.8%	132.3%	23.5%
Since Last Report	1.8%	0.9%	0.9%
Since Apr'23	50.4%	41.2%	9.2%

Source: PL

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Festive optimism amidst Geopolitical uncertainty

NIFTY has been mainly flattish in past 6 weeks, which have seen extreme market volatility led by rising geopolitical tensions in Middle East, 50bps interest rate cut by US FED and state elections in India. Demand conditions remain uncertain; prolonged rains and floods have affected 2Q growth. Rural demand is slowly recovering and recent initiatives to improve rural incomes by increasing MSP, raising import duty on edible oils, allowing export of onions and removing price caps on Rice exports will boost farm incomes, however these measures might jack up food inflation in coming months.

Victory of ruling BJP in Haryana has provided push to markets. Outcome of elections in Maharashtra (Elections likely in Nov24) and Jharkhand (Dec24) will be a key volatility factor for markets. Global geopolitical situation remains bad as Middle East conflict can impair global supply chains. Post 50bps interest rate cut by US FED, Markets could watch for outcome of US elections for getting the next direction.

We believe Capital Goods, Infra, Ports, EMS, Hospitals, Tourism, New Energy, E-com and Telecom are emerging themes to play, at right valuations. We believe markets and street estimates factor in strong rebound in demand in festival and marriage season, any disappointment on this front can result in further cut in EPS estimates on top of 3.8/2.8% cut in EPS for FY25/26. We rollover to Sept 26 and increase our base case NIFTY target to 27867 (26820 earlier). We remain cautiously optimistic with stock specific approach and advise avoiding FOMO (Fear of missing out) in current volatile times.

We estimate 5% sales growth with flat EBIDTA and 3.8% decline in PBT of our coverage universe. Ex oil & Gas, we estimate 6.6% growth in EBIDTA and 10.1% in PBT. Auto, Capital Goods, Hospitals, AMC's, Pharma, Chemicals and Durables will lead PBT growth. Oil and Gas, Building Materials, cement and Media will report decline in EBIDTA. Banks, consumer, IT and travel will grow EBIDTA in single digit.

- Strong EBIDTA growth trends is likely to sustain in Hospitals, Pharma, Capital Goods and Chemicals. Auto, banks and Durables will also show double-digit EBIDTA growth. Rural demand is showing signs of recovery for staples, although 2Q will show some impact of prolonged rains. Discretionary spending on travel, housing, Jewellery and 2W remains positive while PV, QSR, apparel, footwear, Building materials remain affected. Auto, CG, Pharma and Hospitals will report robust margin expansion while Building Materials, Consumers, Media, Oil and gas and cement will report decline in margins.
- 2Q has been a mixed lot, as prolonged rains and floods have shown impact on demand. Demand conditions remain mixed and all hopes rest on strong demand revival in festival and wedding season. Infra spends and ordering has shown a pickup and FY25 will remain volatile as Maharashtra, Jharkhand and Delhi are going to polls in coming few months. RBI has held on to interest rates amongst fears on inflation resurfacing as GOI has taken several steps to improve crop realizations in edible oilseeds, onion and Rice. We see some repo rate cut materializing in Dec24 only.

- Capital Goods (govt capex and PLI), Travel, Hospitals, AMC's, Telecom and Pharma seem well placed for sustained growth in coming quarters. Cement and metals should report better growth and profitability in 2H25. Banks are likely to see NIM compression in coming quarters as well. Wire and cable companies are on a strong wicket. 2H25 will be a test for urban discretionary spends; any disappointments on this front can lead to cut in earnings in consumption related sectors.
- Market tide shifted in favor of defensives as valuations in many cyclicals had become quite expensive even after factoring in sustained growth. With hopes of higher growth and less risk, FMCG, IT Services, Pharma and consumer durables have seen strong bounce back.
- FII inflows in past 6 weeks are up by Rs335bn, despite strong selling in past few days. DII inflows at Rs891bn continue to remain strong.
- NIFTY EEPS has seen a cut of 3.8/2.8% for FY25/26 and we introduce FY27 EPS. We estimate EPS CAGR of 15% over FY24-27 with EPS of Rs1200/1371/1546 for FY25/26/27. Our EPS estimates are lower by 2.2/3.3/4.6% in FY25/26/27 than Bloomberg consensus EPS estimates.
- NIFTY is trading at 19.4x 1-year forward EPS, which is at 1.6% premium to 15-year average PE of 19.1x. **Base Case:** we value NIFTY at 15 year average PE of 19.1x and based on Sept26 EPS of 1459 and arrive at 12-month target of 27867 (26820 earlier). **Bull Case:** we value NIFTY at 5% premium to 15-year average PE 20x and arrive at bull case target of 29260 (28564 earlier). **Bear case:** Nifty can trade at 10% discount to LPA with a target of 25080 (24407 earlier).
- Model Portfolio:** We are reducing weights in Capital Goods and Consumer and turn equal weight in IT services. We cut weights in IIB, Siemens, Britannia, and remove Carborandum and Cipla from model portfolio. We are increasing weights in KMB, Astral, Interglobe Aviation, NEST and Sun Pharma. We add Bharat Electronics and HCL Tech in Model portfolio. We are overweight on Banks, Consumer, Capital Goods, Cement, Telecom and Healthcare.
- High Conviction Picks:** We are adding Bharat Electronics, Crompton Consumer, Jindal Stainless, Safari, Cyient and JB Chem in conviction picks. We are removing Siemens, Praj, Apar and Lupin labs post sharp run up in these stocks recently.

Exhibit 2: Rural Demand, Infra Spends positive: Election Freebies a LT issue

Headwinds	Tailwinds
Mixed demand scenario in discretionary segments	India remains fastest growing economy, GDP growth likely at +7% in FY25
Growing freebies and populism across states can impair capex and essential spends	Normal monsoons, gradual uptick in rural demand
Geopolitical uncertainties in Middle East, Ukraine and SE Asia	Capex push on Infra, PLI, Energy transition and Digitization
India not under single party majority rule after a decade	Relative political stability post Haryana election victory of ruling party

Source: PL

US Elections – Stable Geopolitics, Crude and Technology key to Indian Interests

The upcoming US presidential election could have critical implications for India against the backdrop of escalating geopolitical tensions, change in leadership in Bangladesh, and fragile situation in South East Asia. With India navigating tensions in South Asia and managing strategic shifts in the Indo-Pacific, the US stance becomes crucial to preserve political stability in South Asia. If elected, Kamala Harris is likely to maintain the Biden administration's multilateral, alliance-driven approach, while Donald Trump's policies could see a resurgence of aggressive trade tactics, including potential tariffs and stricter immigration policies. However, return of Donald Trump as president of USA might put some cold water on rising tensions and wars in Russia – Ukraine and Middle East.

Given that the election outcome will shape areas like defense, immigration and energy, it is crucial for India to assess and adapt to US policy shifts without viewing either outcome as categorically favorable or unfavorable.

Exhibit 3: Trump Govt might be favorable for Global Geopolitics, Crude prices, Defence technology and Pharma

❖ Trade Policy ❖	
Kamala Harris	Donald Trump
Emphasizes multilateral trade agreements and regional collaborations (e.g., Indo-Pacific Economic Framework).	Strongly favors protectionism with a focus on renegotiating trade deals and imposing heavy tariffs.
Renewal of Generalized System of Preferences (GSP)	The termination of GSP in 2019 alone affected US\$6.3bn worth of Indian exports that previously enjoyed duty-free status
Bilateral trade CAGR during Biden regime is 9.2%	Bilateral trade CAGR at 7.5% during Donald Trump's term
Implications for India	
Stable and supportive of India's trade interests, NO major change likely in current policy.	Could cause disruptions in global trade, but might open up opportunities for India to replace Chinese imports in the US market.
❖ Immigration Policy ❖	
Kamala Harris	Donald Trump
Favors expanding skilled worker visas, like H-1B - H-1B visa approval rates under Biden peaked at 98% in FY21, the highest in over a decade.	Plans to tighten immigration rules reduce H-1B visas. Under Trump, the number of approvals fell in 2017/18 but recovered in 2019/20.
Implications for India	
Positive for Indian IT service and GCC exports	Stricter education based visa norms likely, it might affect unskilled workers, however might not affect IT services and GCC exports.
❖ Energy and Environment ❖	
Kamala Harris	Donald Trump
Proposes a significant increase in renewable energy incentives (e.g., EV subsidies, clean energy R&D)	Plans to prioritize traditional energy sources (oil, gas, coal), revoke environmental regulations, and expand drilling on federal lands
KH likely to continue big push for renewable energy for reducing fossil fuels. Could take forward US-India Climate and Clean Energy Agenda 2030 Partnership (mobilized US\$2bn in PPP clean energy finance to support India's energy transition and renewable goals)	Trump favours expanding oil and gas drilling on federal lands, which had led to an increase in US oil production by 36% between 2016 and 2019. Average crude prices during Trump's regime (excluding covid year) were 25% lower than under Biden's rule.
Implications for India	
Harris' policies are likely to align more with India's push for renewable energy and reducing dependency on fossil fuels.	Lower global prices of crude and Gas are positive for an import dependant country like India

❖ Defense ❖	
Kamala Harris	Donald Trump
Strong focus on strengthening Indo-Pacific partnerships to counterbalance China in South Asia through initiatives like INDUS-X	Credited with the decision to revive the Quad partnership in 2017
Biden and Harris emphasized technology transfer, co-production and integration of supply chains, and the co-production of GE engines for Tejas Mark-2 fighters (though delivery has been severely delayed)	Increasing India's capability through arms sales, rather than co-production (Apache and Chinook attack helicopters), leading to 30% increase in India's defense imports in FY17-FY20.
India's Exports reached an all-time high of Rs44bn in FY24.	In FY20, India's defence exports to the US stood at Rs3.1bn.
Implications for India	
Strategic realignment through the Initiative on Critical and Emerging Technologies and G7, making India a cornerstone of the US strategy in the Indo-Pacific	US stance to strengthen QUAD and empower India in SE Asia can result in improved sourcing of hardware and technology for defence/ space

❖ Healthcare & Pharmaceuticals ❖	
Kamala Harris	Donald Trump
Proposes expanding Medicare and lowering drug prices by empowering the government to negotiate with pharmaceutical companies	Seeks to privatize Medicare, reduce government intervention in drug pricing, and deregulate health insurance markets.
Under Biden, Indian pharmaceutical exports to the US have increased by a CAGR of ~7%, to \$6.77 billion in FY23.	Under Trump, Indian pharmaceutical exports to the US have increased by a CAGR of ~6.2%
Efforts to establish a mutual recognition of conformity assessments to eliminate duplicative testing, reducing compliance costs for trade in high-quality medical goods	Indian companies faced FDA issues between 2017 to 2019. Post India's key role in supplying HCQ in the covid pandemic, situation changed for the better.
Implications for India	
Favorable for Indian generics if Medicare expands coverage, and continued support for a stable regulatory environment.	Could lead to improved pricing for Indian generic firms. Deregulation may increase penetration of Indian generics into the US market.

Source: PL

Exhibit 4: Trends in Trade, H1B Visa, FDI, Defence Tie Ups and Defence hardware procurement from US under various regimes

	1993-1997	1997-2001	2001-2005	2005-2009	2009-2013	2013-2017	2017-2021	2021-2025
Party	Democratic	Democratic	Republican	Republican	Democratic	Democratic	Republican	Democratic
Nominee	<u>Bill Clinton</u>	<u>Bill Clinton</u>	<u>George W. Bush</u>	<u>George W. Bush</u>	<u>Barack Obama</u>	<u>Barack Obama</u>	<u>Donald Trump</u>	<u>Joe Biden</u>
Electoral vote	370 (+202)	379 (+220)	271 (+5)	286 (+35)	365 (+192)	332 (+126)	304 (+77)	306 (+79)
USA FDI (USD bn)				1.8	4.8	9.2	23.3	21.6
Sensex (% CAGR Return)	-3%	-2%	17%	-4%	2%	7%	11%	9%
Trade balance with US (USD Bn)	-1.8	-1.6	3.5	9	15	20	24	30
H-1B Visa Approvals (mn)	2.3	3.6	6.5	2.6	4.3	6.67	6.71	5.33 (till 2023)
H-1B visa (Approval %)	96%	95%	95%	92%	95.9%	88%	84.5%	98%
Grant in aids (USD Mn)	350	290	410	580	470	510	280	320
Software Exports (USD Bn)	6	15	30	50	90	120	150	180
Defence Tie-ups	No Major Defence Sales due to a strong non-proliferation stance.	The U.S. imposed sanctions on India after 1998 Pokhran nuclear test. Resumption of joint military exercises, such as the Malabar naval exercise.	Sanction Waiver in 2001, reopening the door for arms sales and military cooperation. Revival of U.S.-India Defence Policy Group as primary forum for bilateral military talks.	The Civil Nuclear Cooperation Initiative (2006), or 123 Agreement, lifted a three-decade embargo on nuclear trade with India, allowing access to U.S. civilian nuclear technology and aligning India with non-proliferation norms without signing the NPT.	The Defence Technology and Trade Initiative (DTTI) launched in 2012 enhance bilateral defence trade and promote the co-production and co-development of advanced defence technologies.	India designated a "Major Defence Partner," granting access to advanced U.S. military technologies.	Signing of the Communications Compatibility and Security Agreement (COMCASA) in 2018 to enhance secure communication interoperability between the U.S. and Indian militaries.	The Defence Acceleration Ecosystem (INDUS-X) launched to promote joint technology development. A strategic framework for Space Defence Cooperation.
Arms Deals			India procured 12 AN/TPQ-37 Counter-Battery Firefinder radars (~ USD146 Mn) to strengthen its artillery defence. The "Cope India" exercise in 2004 marked the first significant joint air force exercise.	1. India ordered six C-130J Super Hercules aircraft (\$1.2 bn) 2. Indian Navy became Boeing's first international customer for the P-8I aircraft (\$2.1 bn)	1. Purchase of 10 C-17 Globe master III aircraft (\$4.1 Bn) 2. Order of 8 P-8I Poseidon maritime patrol aircraft (\$2.1 Bn) 3. Negotiations for 145 M777 howitzers (\$750 mn)	1. 22 Apache AH-64E attack helicopters 2. 15 Chinook CH-47F helicopters (\$3 Bn)	1. Agreement for 24 MH-60 Romeo helicopters and 6 Apache helicopters (\$3 bn) 2. 22 Guardian drones (\$2 bn) 3. Integrated Air Defence Weapon System (\$1.9 bn)	1. Co-production of GE F414-INS6 jet engines, with 80% technology transfer to India, enhancing the indigenous development of the Tejas Mk-2 fighter jets.

Rural outlook improves on Monsoon/ Govt steps

The demand outlook from Rural India is improving with normal monsoons and expectations of higher output, policy interventions in key crops for higher realizations and improved job scenario as demand for work under MNREGA has gone down by 15% in first five months of FY25.

The 2024 southwest monsoon has been robust, with cumulative rainfall 8% above the long period average (LPA) as of 30 Sep'24. 33 out of 36 sub-divisions reported normal to above-normal rainfall, while only 3 states were deficient. Water reservoir levels across the country reached a comfortable 87% (as of 26th Sep'24), up from 71% last year, with only lag in the northern region (68% vs. 86% in 2023).

While a strong monsoon has improved agricultural output, India's policy landscape is shifting to more pro-farmer measures like 1) removal of export restrictions on non-basmati rice and floor level for exports 2) Import taxes on edible oils were raised by 20% and 3) Ban on onion exports have been removed

These measures, driven by strong crop output are aimed at improving farm economics and rural support. However, they also risk reigniting food inflation, with expected increase in prices of Edible oils, onion and other food products.

Monsoon: Normal monsoons in ~90% of divisions

Cumulative rainfall activity in surplus: India's cumulative rainfall from 1st Jun to 30th Sep'24, was 8% above the LPA at 934.8mm, compared to 820mm in 2023 and the normal LPA of 868.6mm.

Regional performance: Out of 36 sub-divisions, 33 recorded normal or above-normal rainfall, with 3 sub-divisions recording a deficit.

- **Central region:** Leading with 19% above LPA rainfall, including states like Madhya Pradesh (MP), Uttar Pradesh (UP), Chhattisgarh and Jharkhand
- **Northwestern region:** Registered 7% above LPA rainfall, with significant surplus in Rajasthan, Gujarat and Maharashtra. Himachal Pradesh, Uttarakhand and Haryana showed normal levels, while Punjab and Jammu & Kashmir (J&K) saw deficient rainfall
- **South Peninsula:** Registered 14% above LPA rainfall, with normal rainfall in Kerala, Karnataka and Tamil Nadu
- **Northeastern region:** The East & Northeast continued to face challenges with a deficit of 15%. Assam, Meghalaya and Mizoram received normal rainfall, but Arunachal Pradesh, Nagaland and Manipur reported deficits

La Niña & rabi outlook: The likelihood of La Niña conditions emerging later this year could be favorable for the rabi season, supporting wheat and mustard sowing. However, excessive rains in some regions may pose a risk to crop quality during the season.

Exhibit 5: East and North East has seen below normal rainfall

Region	Week			Season		
	26.09.2024 TO 02.10.2024			26.09.2024 TO 02.10.2024		
	Actual	Normal	% dev	Actual	Normal	% dev
East & Northeast India	86.1	51.3	68%	1178.7	1367.3	-14%
Northwest India	24.3	8.7	179%	628.6	587.6	7%
Central India	52.9	24.5	116%	1168.5	978	19%
South Peninsula	22	40.9	-46%	815.5	716.2	14%
Country as a whole	43.3	27.1	60%	934.8	868.6	8%

Source: IMD, PL

Exhibit 6: 33 out of 36 subdivisions recorded normal or above normal rainfall

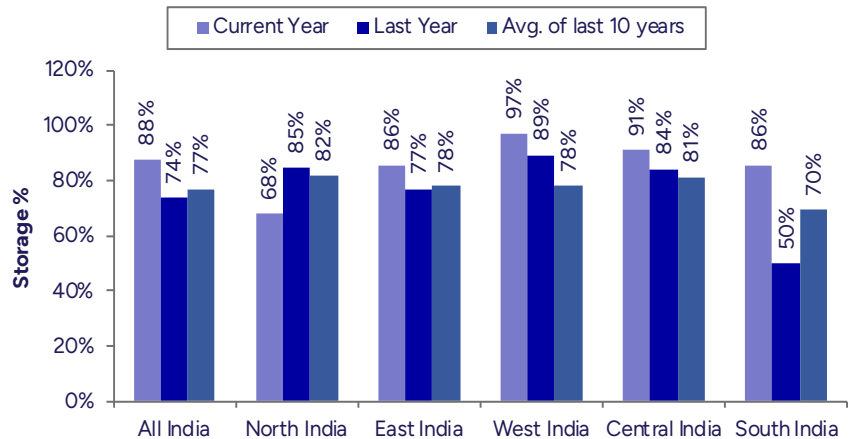


Source: IMD, PL

Water reservoir levels up 16 ppt over last year

All-India reservoir storage (as of 3rd Oct'24): 88% of total capacity vs. 74% last year. Adequate reservoir levels and favorable sowing trends position the upcoming **Rabi season** for strong performance

Exhibit 7: North India at low storage capacity (-17% departure from normal)



Source: CWC, PL

- **Northern region:** Lowest reservoir levels at 68% vs. 85% last year, due to significant deficits in Punjab (65% below normal) and Himachal Pradesh (20% below normal), while Rajasthan recorded 9% above normal
- **Western region:** Highest reservoir level at 97%, driven by Maharashtra (32 reservoirs with storage 15% above normal) and Gujarat (17 reservoirs with 34% above normal)
- **Central region:** Reservoirs in UP, MP, Uttarakhand and Chhattisgarh all above normal levels
- **Southern region:** Andhra Pradesh, Telangana, Karnataka and Tamil Nadu recorded above normal storage, whereas Kerala recorded -3% deviation from normal
- **Eastern region:** Healthy reservoir levels at 86% of total capacity

India's Policy Shift from Inflation to farmer Champion

Export policy easing: The easing was aimed at boosting farmer incomes and clearing inventories in key states of Maharashtra (major onion, soybean producer) and Haryana, West UP (major basmati rice grower).

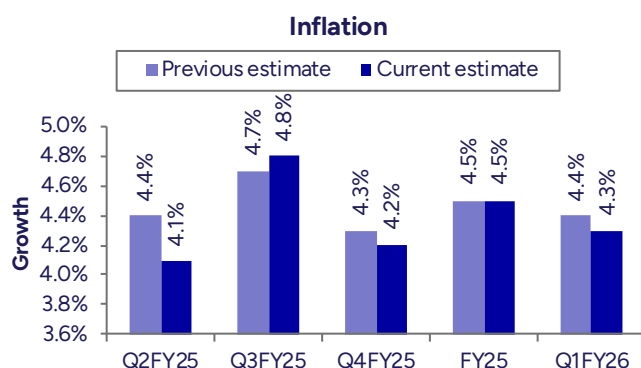
- **Non-basmati rice:** Export restrictions lifted, new floor price set at **\$490/ton**. Export duty on parboiled rice reduced from **20% to 10%**
- **Basmati rice:** Minimum export price (MEP) of **\$1,200/ton** (revised to \$950/ton earlier) removed to boost global competitiveness
- **Onions:** MEP of **\$550/ton** and 40% export tax halved to **20%** to support farmers and control local prices

- **Import duty increased for edible oils:** To protect farmers from falling domestic oilseed prices ahead of harvest season. India meets 70% of its vegetable oil demand via imports, with palm oil comprising over 50%
 - **Crude edible oils:** Effective duty on crude palm, soy and sunflower oils raised to **27.5%** (from 5.5%)
 - **Refined edible oils:** Duty on refined variants hiked to **35.75%** (from 13.75%)
- **State-level procurement initiatives:** Govt. will procure soybean at MSP (Rs4,892/100kg) in MP, Maharashtra and Karnataka, as market prices dropped below MSP. These 3 states account for 70% of India's total soybean production
- **Wheat stock limits:** Stocking limits for traders/millers reduced to **2,000 tons** (from 3,000 tons) to curb hoarding and control prices
- **Yellow peas:** Duty-free import window extended until Dec'24

Policy interventions to increase food inflation: policy interventions in agriculture are likely to be inflationary as it is increasing prices of onion, edible oils etc.

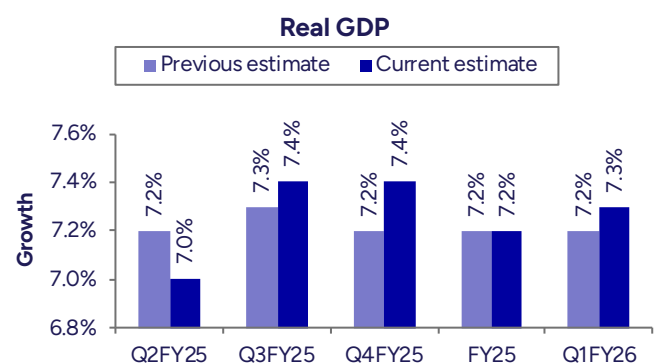
- **Vegetable prices:** Up **8%** in Sep (MoM), reversing price decline in August
- **Persistent Food Inflation Volatility:** Despite CPI falling to a five-year low of 3.65% in August, the RBI raised its Q3 FY25 inflation forecast to 4.8% (from 4.7%), indicating a cautious outlook due to heightened risks from food inflation. FY25 inflation forecast was retained at 4.50%. This reflects the RBI's concern that volatile food prices, driven by erratic rainfall and geopolitical uncertainties, could disrupt the current disinflation trend.

Exhibit 8: Inflation projection remain unchanged for FY25



Source: RBI, PL

Exhibit 9: Growth for Q2FY25 revised to 7%



Source: RBI, PL

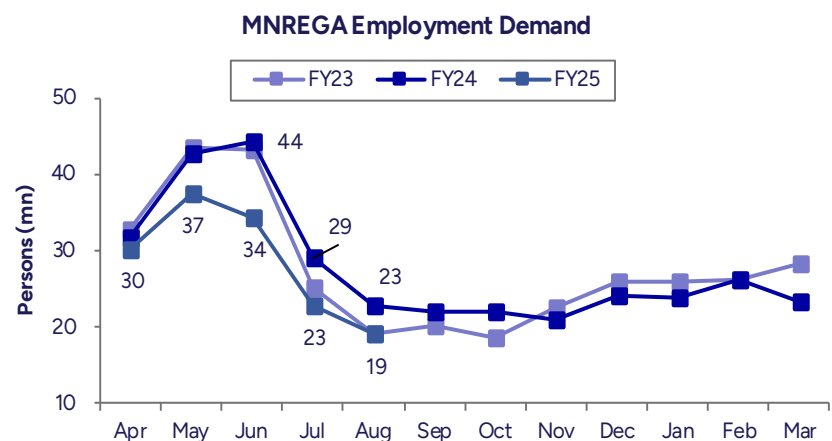
- **Impact of La Niña and Geopolitical Risks:** The RBI highlighted that adverse weather patterns (La Niña) and escalating tensions in West Asia—specifically the Israel-Iran conflict—pose significant upside risks to global commodity prices, particularly oil and food items. A potential spike in these prices could fuel a resurgence in inflation, complicating efforts to anchor CPI durably at the 4% target.

- **Impact of Food Prices on Growth:** The RBI, in its Oct-24 MPC review meeting, noted that despite strong Kharif sowing and adequate reservoir levels, adverse food price dynamics could squeeze rural demand—critical for sustaining India’s broader growth momentum—leading to a potential drag on Q2 growth projections, which were revised down to 7.0% (from 7.2%).

Rural India less reliant on MGNREGA

Employment demanded under MGNREGA declined by 17% YoY in Aug’24 to 19mn compared to 23mn in Aug’23. The MNREGA demand during first five months of FY25 has been at the level of FY20 and is lower by 15% YoY. This sharp reduction suggests pick up in farm activity, indicating improved rural economic stability and greater availability of alternative employment opportunities.

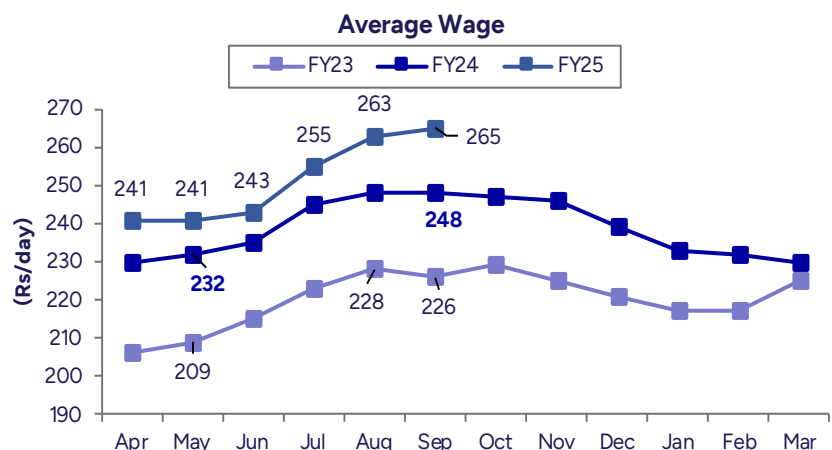
Exhibit 10: Employment Demanded under MGNREGA falls by 17% YoY



Source: MGNREGA, PL

- **Central government raises wages by 7%:** Average daily wages increased by 7% YoY to Rs265/day in Sept’24, driven by the central government’s revision of the variable dearness allowance to counter rising living costs, resulting in higher minimum wages across all skill levels and regions.

Exhibit 11: Average Wages continue to consistently show an uptick in FY25



Source: MOSPI, PL

Electoral Populism Sweeps India

BJP (NDA) has put up impressive show in Haryana and Jammu & Kashmir elections, but the focus has now shifted to the upcoming elections in Maharashtra and Jharkhand. The Bharatiya Janata Party (BJP) managed to retain majority in Haryana and secured all time high number of seats in J&K (NC and INC won the polls), however there is a clear policy change for freebies post Lok Sabha polls.

In preparation for the remaining state polls, both BJP and the opposition have ramped up populist measures, including cash handouts, loan waivers, and increased welfare spending. This has triggered concerns over fiscal stability, especially in states like Maharashtra, where the fiscal deficit is estimated at 3.2% of state GDP. The increased revenue spending to fulfill electoral promises has the potential to create fiscal slippage and potentially affecting long-term investments in infrastructure development. This has been seen in states like Karnataka, Himachal Pradesh and Punjab where freebies have impacted investments.

Key Points:

- **Electoral Context:** BJP lost its parliamentary majority in the general elections as populist schemes announced by certain political parties drew voters away. In the aftermath, all political parties introduced significant freebie schemes in states holding elections this year. The freebies like cash handouts, free electricity, and monthly unemployment allowances, however, are expected to exacerbate state fiscal deficits, delay fiscal consolidation, and widen the divergence in fiscal priorities between the states and the central government.
- **Assembly elections in Nov-Dec'24:**
 - **Maharashtra:** Fiscal deficit target has been increased to **2.6% of state GDP** (vs. 2.3% earlier) to accommodate Rs960bn (\$11.45 billion) in handouts and freebies. Revenue expenditure increased by 0.3 percentage points of GSDP, reflecting increased spending on schemes like Ladki Bahin (Rs460bn annually).
 - **Jharkhand:** The state's fiscal health is under strain as pre-election populist schemes—including a Rs2 lakh farm loan waiver, Rs1,000 monthly cash transfers to 4 million women, and free electricity up to 200 units—are now consuming nearly 27% of its own tax revenue and 1.7% of GSDP, risking long-term fiscal stability and crowding out essential developmental spending.
- **Newly elected state governments to implement freebies as well:**
 - **Jammu & Kashmir:** The Congress-NC alliance in Jammu & Kashmir has announced expansive welfare schemes, including direct cash transfers and subsidies, which are estimated to increase the fiscal deficit. This comes against the backdrop of the region's already constrained fiscal capacity and high dependency on central funds, posing a risk to long-term fiscal stability. Jammu & Kashmir's average subsidy burden stands at Rs18,000 crores annually—equivalent to nearly 15% of its GSDP—reducing the state's fiscal space for developmental investments.

- **Haryana:** Post-election, Haryana's newly elected government is poised to implement a range of populist measures, including partial loan waivers and unemployment allowances, which are expected to cost the exchequer around Rs12,000 crores annually. Haryana's fiscal deficit has been revised upward by 0.2% of GSDP, pushing its overall deficit to 3.6% of GSDP, breaching the FRBM limit, in FY25.
- **Populism vs. fiscal prudence**
 - Average fiscal deficit of states is pegged at 3.2% of state GDP, 20 basis points higher than interim budgets due to higher welfare spending.
 - Revenue spending in states accounts for 84.3% of total expenditure in FY25, far exceeding the Centre's share of 79.4%.
 - In contrast, states' capital expenditure stood at a mere 15.7% of total spending compared to the Centre's 20.6% in FY25, reflecting a worrying trend wherein states prioritize short-term welfare over long-term asset creation.
 - Populist spending is straining state finances, as seen in Karnataka, where five flagship guarantee schemes introduced by the Siddaramaiah-led government account for nearly Rs52,000 crore or 15% of the state's Rs3.46 lakh crore annual budget. This significant allocation has reduced fiscal space for developmental projects. Similar strains are visible in Himachal Pradesh and Punjab, which has struggled to balance welfare spending with necessary capital investments, highlighting the risk of fiscal stress across states adopting expansive welfare schemes.
 - Populist promises made by parties could put long-term infrastructure and development projects at risk, while affecting the fiscal consolidation roadmap.
 - The increased fiscal burden may weigh on **state-level credit ratings**, complicating borrowing costs and budgetary flexibility.

Exhibit 12: Recent state elections indicate rising trend of Freebies announcements

Freebies	Haryana	Jammu & Kashmir	Maharashtra	Jharkhand
	Oct'24	Oct'24	Nov'24	Nov'24
	BJP	NC+	Mahyuti Alliance	Jharkhand Mukti Morcha
Electricity	PM Muft Bijli Yojana to provide free electricity for 5 lakh BPL households Est annual expenditure: Rs720 crores	200 units per month Free to each household Est annual expenditure: Rs2,500 crores	CM Baliraja Mofat Vij Yojana: Free electricity to agricultural pumps of up to 7.5HP Est annual expenditure: Rs14,761 crores	Free electricity up to 200 units per month for over 41.4 lakh families Est annual expenditure: Rs6,655 crores
Food	Pradhan Mantri Garib Kalyan Anna Yojana: Free ration distribution to 48 lakh BPL families across Haryana. Est annual expenditure: Rs2,430 crores	10kg of free rice/atta per person per month Est annual expenditure: Rs1,200 crores		
Loan Waiver	Agricultural loan waivers of up to Rs50,000 for small and marginal farmers affected by natural calamities. Est annual expenditure: Rs2,000 crores.	Waiver for agricultural and KCC loans Est annual expenditure: Rs3,000 crores		Farm loan waiver of up to Rs2 lakh for 1.91 lakh farmers Est annual expenditure: Rs400 crores
Financial	- Ladli Laxmi Yojana: Rs2,100 per month financial support for women aged 18-60 years - Pension scheme of Rs5,100 for senior citizens, widows and disabled - Mukhya Mantri Kanyadan Yojana: Rs21,000 for daughters of BPL families at the time of their wedding Est annual expenditure: Rs42,910 crore	Rs5,000/month to female heads of EWS families. Est annual expenditure: Rs3,600 crores	Majhi Ladki Bahin Yojana: Rs1,500 monthly stipend for women Est annual expenditure: Rs46,000 crores	Rs1,000 monthly cash assistance to 4 million women (25-50 age group) under Mukhamantri Bahan Beti Swabalamban Yojana Est annual expenditure: Rs400 crore Subsidized distribution of dhoti/lungi and saree at Rs10 twice a year for 57 lakh BPL families Est annual expenditure: Rs500 crores
Transportation		Free public transportation for women Est annual expenditure: Rs3,600 crores	CM Teerth Darshan Yojana: Free visit to pilgrimage centers through accredited tourists companies Est annual expenditure: Rs. 300 crores	Free bus services for women and senior citizens across the state Est annual expenditure: Rs250 crores
Household (water/gas/houses)	- Har Ghar Jal Yojana: 100% rural household water connectivity. - LPG Subsidy Scheme: Rs500 per LPG cylinder for Antyodaya and BPL families Est annual expenditure: Rs2,600 crores	12 free LPG cylinders/year and free water supply Est annual expenditure: Rs2,400 crores	Mukhyamantri Annapurna Scheme: 3 free gas cylinders Est annual expenditure: Rs829 crores	Distribution of subsidized LPG cylinders and Rs1,000 assistance for household utilities Est annual expenditure: Rs1,000 crores

Freebies	Haryana	Jammu & Kashmir	Maharashtra	Jharkhand
	Oct'24	Oct'24	Nov'24	Nov'24
	BJP	NC+	Mahyuti Alliance	Jharkhand Mukti Morcha
Education		Free education up to university level Est annual expenditure: Rs1,000 crores	Free professional education for woman EWS, OBC and socially and economically backward categories Est annual expenditure: Rs.2,000 crore	Guruji Credit Card Yojana: Rs15 lakh loan assistance for higher education, targeting needy students Est annual Expenditure: Rs1,500 crores
Healthcare	- Chirayu Haryana Yojana: Provides free health insurance worth Rs10 lakh to BPL families Coverage: Rs10 lakh health insurance for BPL families Additional coverage: Rs5 lakh for senior citizens above 70 years of age Target group: 20 lakh families Est annual expenditure: Rs2,000 crore	Rs5 lakh free insurance cover for terminal diseases per family Est annual expenditure: Rs4,500 crores	CM Vayoshri Yojana: Above 65 years and with annual income less than Rs2 lakh will get aid up to Rs3,000 to buy assisted living devices and physical aids Est annual expenditure: Rs450 crores	Health insurance scheme with Rs15 lakh coverage, benefiting low-income families Est annual expenditure: Rs2,500 crores
Employment	- Skill Development and Employment Schemes: Employment support for 50,000 rural youth through government initiatives Est annual expenditure: Rs300 crores	Creation of 1 lakh new jobs Est annual expenditure: Rs2,500 crores	CM Yuva Karya Prashikshan Yojana: On-the-job training for youth. Each trainee will get Rs10,000 per month Est annual expenditure: Rs10,000 crores	

Source: Company, PL

Nifty Valuation

	Weight-age (%)	FY24	FY25E	FY26E	FY27E		Weight-age (%)	FY24	FY25E	FY26E	FY27E
Banking & Fin.	32.7					Telecom	4.0				
PER (x)		19.4	18.1	16.4	14.2	PER (x)		89.1	50.7	36.6	33.0
PAT Growth (%)		22.2	7.2	10.5	15.7	PAT Growth (%)		35.2	75.7	38.4	11.1
Technology	13.5					Cement	1.2				
PER (x)		32.4	29.5	26.2	23.1	PER (x)		46.8	40.1	30.6	26.0
PAT Growth (%)		3.8	9.8	12.7	13.7	PAT Growth (%)		38.3	16.6	31.3	17.7
Oil & Gas	9.9					Others	1.6				
PER (x)		15.5	19.5	18.1	16.8	PER (x)		61.2	43.1	34.6	33.0
PAT Growth (%)		59.9	(20.5)	8.1	7.7	PAT Growth (%)		(4.6)	42.0	24.7	4.8
Consumer	12.5					Ports & Logistics	0.9				
PER (x)		55.1	52.8	47.3	42.5	PER (x)		37.5	27.6	24.1	23.4
PAT Growth (%)		14.3	4.4	11.7	11.1	PAT Growth (%)		52.8	35.9	14.7	3.0
Auto	8.2					Nifty as on Oct 10	24,998				
PER (x)		24.4	23.5	20.4	18.7	EPS (Rs) - Free Float - PL		1,018.4	1,200.0	1,371.4	1,546.6
PAT Growth (%)		154.4	3.8	14.9	9.3	Growth (%)		17.7	17.8	14.3	12.8
Eng. & Power	7.7					PER (x)		24.6	20.8	18.2	16.2
PER (x)		26.2	23.5	20.4	18.7	EPS (Rs) - Free Float - Nifty Cons.		1,018.4	1,226.8	1,418.9	1,616.6
PAT Growth (%)		16.9	11.5	15.1	9.5	Var. (PLe v/s Cons.) (%)		0.0	(2.2)	(3.3)	(4.3)
Pharma	4.0					Sensex as on Oct 10	81,611				
PER (x)		40.2	35.9	31.0	29.2	EPS (Rs) - Free Float - PL		3,012.3	3,758.5	4,311.2	4,913.2
PAT Growth (%)		21.5	12.0	15.8	6.2	Growth (%)		9.8	24.8	14.7	14.0
Metals	4.0					PER (x)		27.1	21.7	18.9	16.6
PER (x)		15.4	12.4	9.5	8.5	EPS (Rs) - Free Float - Sensex Cons.		3,012.3	3,861.3	4,485.4	5,112.0
PAT Growth (%)		8.6	24.6	30.1	12.0	Var. (PLe v/s Cons.) (%)		-	(2.7)	(3.9)	(3.9)

Source: Company Data, PL

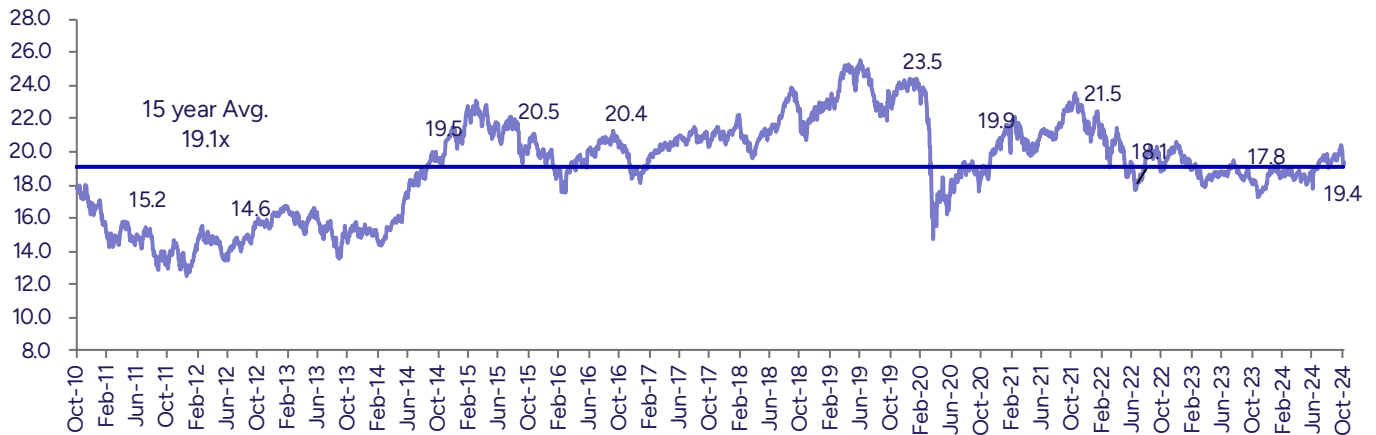
Note: Sector Weightages updated as on October 10, 2024

Exhibit 13: FY25 NIFTY EPS to be driven by CG, BFSI, Healthcare, Metals, Ports and Telecom, Oil and Gas drag to continue

	NIFY Sectoral EPS - PLe (Rs)				% Gr.				% Contribution to total EPS			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Auto	89.7	102.3	117.6	128.7	144.4%	14.0%	14.9%	9.5%	8.8%	8.5%	8.6%	8.3%
BFSI	429.3	510.4	565.3	650.9	12.9%	18.9%	10.8%	15.1%	42.2%	42.5%	41.2%	42.1%
Cement	6.3	8.1	10.7	12.5	29.4%	29.2%	31.3%	17.7%	0.6%	0.7%	0.8%	0.8%
Cosnumner	62.3	72.7	81.0	89.7	6.4%	16.7%	11.4%	10.7%	6.1%	6.1%	5.9%	5.8%
Eng. & Power	69.9	87.5	103.0	114.3	10.5%	25.3%	17.6%	11.0%	6.9%	7.3%	7.5%	7.4%
Healthcare	26.8	33.2	38.2	39.4	15.3%	24.1%	14.8%	3.2%	2.6%	2.8%	2.8%	2.5%
Metals	57.9	87.0	116.6	132.8	-5.9%	50.3%	34.0%	13.9%	5.7%	7.3%	8.5%	8.6%
Oil & Gas	145.7	127.1	137.9	150.3	40.9%	-12.8%	8.5%	8.9%	14.3%	10.6%	10.1%	9.7%
Others	8.7	12.8	15.7	17.6	-17.6%	47.2%	22.3%	12.2%	0.9%	1.1%	1.1%	1.1%
Ports & Logistics	6.3	9.5	10.8	11.2	42.9%	50.6%	14.7%	3.0%	0.9%	1.1%	1.1%	1.1%
Technology	103.5	125.8	142.1	163.2	-5.0%	21.6%	12.9%	14.8%	0.6%	0.8%	0.8%	0.7%
Telecom	12.0	23.5	32.5	36.1	26.5%	94.8%	38.4%	11.1%	10.2%	10.5%	10.4%	10.5%
Nifty	1,018.4	1,200.0	1,371.4	1,546.6	17.7%	17.8%	14.3%	12.8%				

Source: PL

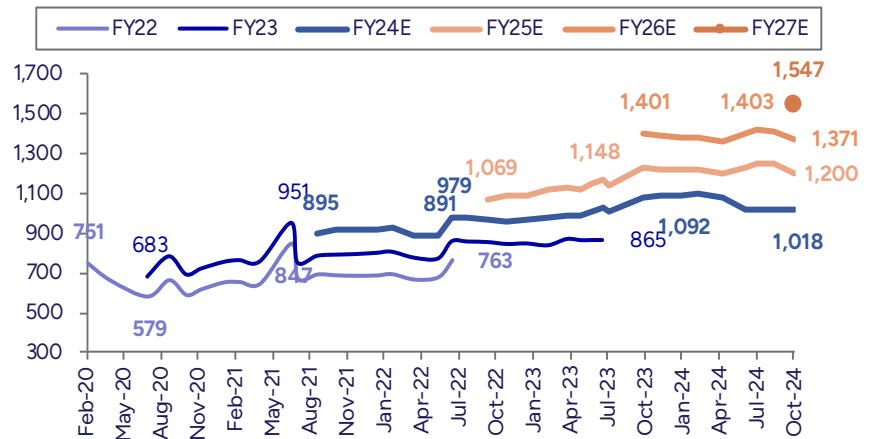
Exhibit 14: Nifty trading at 1.6% premium to 15- year average 1-year forward PE



Source: PL

We introduce FY27 NIFTY EPS at Rs1547, FY25/26 EPS has seen a cut of 3.8/2.8% while consensus EPS has seen a cut of 1.6/1.5%

Exhibit 15: NIFTY EPS trend – FY24-27 CAGR at 15%



Source: PL

Exhibit 16: Model Portfolio v/s Nifty

Returns	Model Portfolio	Nifty	Perf.
Since Nov'18	155.8%	132.3%	23.5%
Since Last Report	1.8%	0.9%	0.9%
Since Apr'23	50.4%	41.2%	9.2%

Source: PL

Model Portfolio

Sectors	Mcap (Rs bn)	Nifty Weightage (%)	PL Weightage (%)	Weights
Automobiles		8.2	9.0	Overweight
Hero Motorcorp	1,091	0.6	1.5	
Mahindra & Mahindra	3,972	2.5	3.5	
Maruti Suzuki	4,070	1.5	2.5	
Tata Motors	3,890	1.8	1.5	
Banks		27.7	28.9	Overweight
Axis Bank	3,663	3.0	3.0	
HDFC Bank	12,685	11.0	10.0	
ICICI Bank	8,762	7.8	8.5	
IndusInd Bank	1,057	0.8	1.5	
Kotak Mahindra Bank	3,730	2.4	3.0	
State Bank Of India	7,114	2.7	2.9	
Cement		1.2	2.5	Overweight
Ambuja Cement	1,442		1.5	
UltraTech Cement	3,300	1.2	1.0	
Construction & Engineering		7.7	10.5	Overweight
ABB	1,803		2.5	
Larsen & Toubro	4,758	3.7	3.5	
Siemens	2,737		3.0	
Bharat Electronics	2,097	0.9	1.5	
Consumer		12.5	12.7	Overweight
Astral	510		1.5	
Britannia Industries	1,446	0.6	1.5	
Avenue Supermarts	2,998		1.0	
Hindustan Unilever	6,472	2.2	1.5	
Interglobe Aviation	1,802		2.0	
ITC	6,154	4.1	2.0	
Nestle India	2,422	0.8	1.2	
Titan Company	3,060	1.3	2.0	
Healthcare		4.0	5.5	Overweight
Max Healthcare	925.81		3.0	
Sun Pharmaceutical Industries	4,529	1.9	2.5	
IT		13.5	13.5	Overweight
Infosys	7,968	6.3	5.2	
HCL Technologies	4,908	1.7	1.8	
LTI Mindtree	1,879.60		1.5	
L&T Technology	550		1.0	
Tata Consultancy Services	15,295	3.9	4.0	
Metals		4.0	1.0	Underweight
Hindalco Industries	1,641	0.9	1.0	
Diversified Financials		4.9	2.0	Underweight
HDFC AMC	942		2.0	
Oil & Gas		9.9	9.9	Overweight
Reliance Industries	18,554	8.3	9.9	
Telecom		4.0	4.5	Overweight
Bharti Airtel	10,051	4.0	4.5	
Others		2.5	-	Underweight
Cash			-	

PL Model Portfolio has outperformed NIFTY by 23.5% since Nov 2018, 9.2% since April 23 and 0.9% since last report.

- **Automobiles: overweight:** We remain overweight given expected pickup in demand in festival season, despite some slackness in PV sales in past few months. We believe revival is rural demand and normal monsoons will benefit M&M and Hero Motocorp. Also entry-level segment of Maruti, which has been under pressure from quite some time, may see some gains in coming periods.
- **Banks: Overweight:** While near term issues like slow deposit growth and expected cut in Repo remain, but structurally Banks remain in a good spot. We believe valuations remain compelling for a good run in coming 12-15 months. We remain overweight in ICICI, KMB, IIB and SBI. We slightly shift weight from IIB to KMB even as we retain our overweight stance on both stocks.
- **Capital Goods – Over weight:** We cut overweight from 450bp to 280bps post sharp run in stocks recently. Structural story remains intact while we believe that margins might be near peak for many players. We cut weight on Siemens by 100bps post recent rally, although it remains a strong play on power, railways and automation with significant value unlocking from demerger of energy business. We replace Carborandum with BEL in model portfolio as recent correction in BEL provides a good opportunity in a well-diversified defence play.
- **Consumer: overweight:** We cut overweight from 170bps to 20bps. We believe current scenario factors in a lot of optimism around strong demand in 2H25, which has fair chances of disappointments and earnings cut. We cut weight behind Britannia and Interglobe Aviation by 50/30bps and increase weight on Astral by 50bps and Nestle by 20bps.
- **Healthcare: Over weight:** We remain structurally positive on Hospitals led by Max healthcare with huge overweight given expected gains from recent acquisitions and brownfield expansion in Mumbai and NCR. We are removing Cipla but increase weight behind Sun Pharma as growing specialty portfolio will enable strong growth in earnings in coming years.
- **IT services: Equal weight:** IT services is showing initial signs of recovery in BFSI, telecom and manufacturing. Segments like EDS, Data Analytics, Digital, Artificial intelligence and supply chain etc. will drive growth in next cycle. We believe worst is over and revival of spends by US companies in 2025. We increase weight on Infy and introduce HCL Tech in model portfolio.
- **Oil and Gas: overweight;** we remain overweight on RIL. We believe sustained growth in retail and expected forays in new energy segments will drive next leg of growth in the company. We believe demerger of Jio Platforms and Retail will unlock value for shareholders.
- **Telecom:** we retain overweight on Bharti Airtel as a structural play on rising data usage in telecom. While recent tariff hikes have been absorbed, we expect more tariff hikes after a lag, which will further improve profitability.
- **Cement – Overweight:** We remain positive on cement demand and industry consolidation and increase weight behind Ambuja cement.

Conviction Picks Changes

High Conviction Picks: We are removing Siemens, Praj, Apar and Lupin Labs after recent rally in stock prices, although we are positive on these names from medium to long term. We are adding Bharat Electronics,, Crompton Consumer, Cyient, JB Chemicals, Jindal Stainless and Safari in conviction picks.

Bharat Electronics: BEL's long-term prospects remain robust given 1) healthy order backlog of ~Rs767bn (3.7x TTM revenue), 2) ~Rs500bn defense opportunity pipeline over the next 2 years (including 5-6 programs worth Rs50-100bn each) 3) diversification into non-defense verticals such as civil, aviation, infrastructure and rail & metro including 5-6 year opportunity to supply Kavach to Indian Railways. We expect company to report revenue/adj. PAT CAGR of 17.6%/17.3% over FY24-26E. Recent correction offers a good opportunity to accumulate for LT gains.

Crompton Greaves Consumer Electricals: We have a high conviction BUY on Crompton Greaves Consumer with target price of Rs536 valuing at 32.4x FY27 EPS. We believe Crompton Greaves Consumer is a play on several opportunities in the ECD segment given 1) Plans to expand geographical reach and product categories (solar pump, cooktop, etc.) 2) Focus on sourcing and in-house manufacturing to improve efficiency and reduce expenses 3) Channel expansion plans. We estimate Revenue / EBITDA / PAT CAGR of 13.2%/20.5%/24.9% over FY24-27

Cyient: Cyient's DET business post its reorganization has grown by 11.5% CAGR at organic level between FY21-24 after reporting revenue growth of just 6% CAGR between FY16-20. The recent acquisitions of Citec, Celfinet & Grit consulting have further enhanced the company's offerings in the high growth areas of plant engineering, new energy transition & communications. Despite the slowdown in Q1FY25 due to macro headwinds in few segments we expect broad based recovery in FY26 & FY27 due to improving macro environment and easing Central Bank policies in US, UK & Europe. We expect Cyient DET business to report a CAGR of 7%/7.8% & 10% in USD revenue/INR revenue & Net margin between FY24-27E. Also, the stock is currently trading at an inexpensive valuation of 26.6x & 22.5x PE mutiple of FY26E & FY27E EPS of DET business.

J.B. Chemicals & Pharmaceuticals: We believe JBCEP will sustain strong domestic market growth on the back of the geographic expansion of its legacy brands, increase in MR productivity and expansion of its Razel, Azmarda and Sanzyme franchises. Its continuous efforts on scaling emerging opportunities in the export market also places it in an advantageous position to ride on the growth prospects. We expect CAGR of 18/23.5% in EBITDA/EPS over FY24-27E. At CMP the stock is trading at 32.3x FY26E EPS Adj for ESOP and amortization.

Jindal Stainless: We expect JDSL to deliver strong 15%+ CAGR volume growth on the back of rising usage due to its corrosion resistance, high strength & durability. Some GoI initiatives such as replacement of carbon steel in coastal areas, railway station modernization & increasing metro network are expected to aid volume growth. With newly announced Indonesian capex plan and Chromeni asset buy-out, JDSL has enough capacities to cater to strong domestic growth. We expect EBITDA/PAT growth of 20%/25% over FY24/FY27E. At CMP, the stock is trading at 8.6x/7.2x EV of FY26E/FY27E EBITDA. Maintain 'Accumulate' with TP of Rs849.

Safari Industries: Safari's revenue are expected to increase, as demand is set to bounce back led by festive pre-stocking, as compared to preceding quarter which was marred by heatwave. Yet, margins are expected to remain under pressure as competitive intensity persists within the luggage industry. We maintain our sales CAGR at 21% for FY24-FY26E and expect an additional boost from the Greenfield plant once it begins operations in 3QFY25E.

High Conviction Picks

	CMP (Rs.)	TP (Rs)	Upside	Mcap (Rs bn)	Mcap (US\$ m)	Revenue Gr. (%)			Earnings Gr. (%)			RoE (%)			RoCE (%)*			PER (x)			P/BV (x)*		
						2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2026E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Large Cap																							
Ambuja Cement	585	756	29.2%	1,441.6	17,172	14.5	23.1	9.2	(3.6)	50.6	8.9	7.6	9.7	9.7	12.6	16.0	15.8	40.5	26.9	24.7	2.7	2.5	2.3
Bharti Airtel	1,678	1,831	9.1%	9,530.6	1,13,527	13.2	15.8	9.3	75.7	38.4	11.1	22.2	24.8	21.9	14.0	16.2	16.4	48.1	34.7	31.3	9.9	7.7	6.2
Bharat Electronics	287	341	18.7%	2,097.2	24,981	17.3	17.9	12.9	14.3	20.4	13.0	26.3	26.7	24.9	30.6	31.5	29.6	45.6	37.9	33.5	11.1	9.3	7.5
HDFC Asset Management Company	4,410	4,700	6.6%	887.0																			
ICICI Bank	1,244	1,520	22.2%	8,750.8	1,04,238	10.5	12.7	15.1	9.3	11.2	16.3	17.4	16.6	16.8	2.2	2.1	2.2	19.5	17.6	15.1	3.2	2.8	2.4
IndusInd Bank	1,356	1,750	29.0%	1,056.6	12,586	11.6	14.7	15.1	7.6	17.9	15.4	14.4	14.8	15.0	1.7	1.8	1.8	11.0	9.3	8.1	1.5	1.3	1.2
InterGlobe Aviation	4,665	5,177	11.0%	1,800.6	21,449	13.9	19.3	13.6	12.2	8.4	(1.0)	139.3	61.6	37.8	133.9	68.8	52.0	19.6	18.1	18.3	16.1	8.5	5.8
Larsen & Toubro	3,460	4,130	19.4%	4,757.5	56,670	14.8	13.0	12.9	21.3	30.5	17.9	16.8	18.6	18.5	11.4	13.4	14.2	30.3	23.2	19.7	4.7	4.0	3.4
Max Healthcare Institute	952	975	2.4%	925.6	11,026	16.0	28.5	22.9	16.1	35.2	26.3	14.9	17.5	18.9	16.9	20.4	22.1	62.4	46.2	36.6	8.8	7.5	6.4
Mahindra & Mahindra	3,194	3,458	8.3%	3,830.7	45,631	14.9	15.5	14.8	18.9	10.1	14.0	22.3	20.8	20.2	21.7	20.8	20.4	30.1	27.3	24.0	6.2	5.3	4.5
Reliance Industries	2,742	2,966	8.2%	18,553.0	2,21,001	3.5	7.3	3.2	(14.1)	12.6	13.5	7.3	7.6	8.0	8.7	9.3	9.6	31.0	27.6	24.3	2.2	2.0	1.9
Titan Company	3,447	3,969	15.1%	3,068.1	36,546	16.4	19.0	14.2	4.6	34.4	21.6	23.6	26.7	26.5	21.3	23.5	24.6	83.9	62.4	51.3	18.6	15.1	12.4
Mid / Small Caps																							
BEML	3,763	4,484	19.1%	156.7	1,867	19.0	18.5	21.7	39.5	35.8	30.9	13.9	16.8	19.0	13.5	15.7	17.9	39.9	29.4	22.4	5.3	4.6	4.0
Crompton Greaves Consumer Electric	441	536	21.5%	283.5	3,378	14.2	13.2	12.2	35.1	23.7	16.3	18.6	20.5	21.4	22.8	26.5	28.1	47.7	38.6	33.2	8.3	7.5	6.7
Cyient	1,860	2,120	14.0%	206.5	2,459	4.0	15.3	16.1	(2.8)	21.7	21.0	15.1	16.0	17.8	14.6	15.4	16.7	28.9	23.7	19.6	4.0	3.7	3.3
J.B. Chemicals & Pharmaceuticals	1,813	2,100	15.9%	281.3	3,351	16.0	13.0	13.3	26.4	24.4	19.8	22.1	23.4	23.5	27.0	29.2	29.5	40.3	32.4	27.0	8.3	7.0	5.8
Jindal Stainless	756	849	12.3%	622.6	7,416	25.3	18.5	9.8	27.9	31.2	15.6	21.2	22.6	21.2	23.0	26.0	26.7	18.4	14.1	12.2	3.6	2.9	2.3
Lemon Tree Hotels	125	159	26.9%	99.2	1,181	21.6	12.3	7.8	51.2	33.5	18.6	20.9	22.8	22.1	18.8	22.9	25.4	44.2	33.1	27.9	8.4	6.8	5.6
R R Kabel	1,715	2,178	27.0%	193.5	2,305	18.0	26.1	20.8	30.0	50.3	20.5	19.2	23.2	22.3	24.6	30.4	29.8	49.9	33.2	27.6	8.7	6.9	5.5
Safari Industries (India)	2,655	3,005	13.2%	129.4	1,542	15.9	26.8	20.6	11.2	37.2	21.4	21.4	23.7	23.1	23.1	25.8	25.7	66.2	48.3	39.8	12.9	10.3	8.3

* For Banks P/BV = P/ABV & RoCE = RoAA

Added: Bharat Electronics, Crompton Greaves Consumer Electricals, Cyient, J.B. Chemicals & Pharmaceuticals, Jindal Stainless and Safari Industries

Removed: Lupin, Siemens, Apar Industries and Praj Industries

Exhibit 17: Current Valuations in ~42% (36% earlier) Nifty50 companies are lower than 2016-20 avg. levels

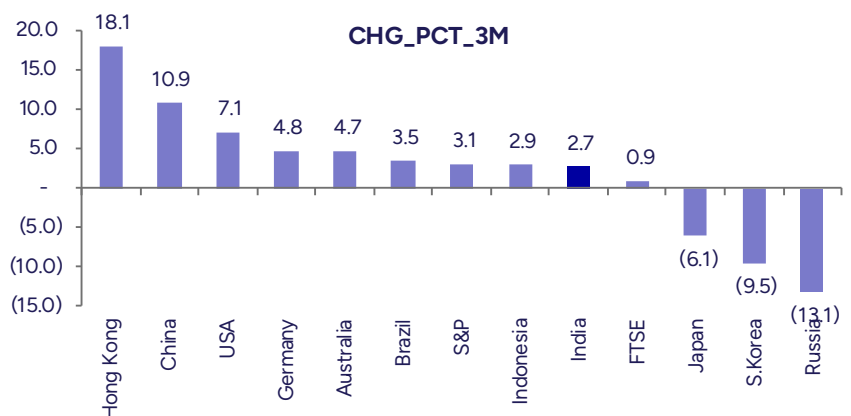
12 Month Forward Average PE	2009-11	2011-13	2013-16	2016-20	2022	2023	2024	Current Valuations*
Nifty Index	16.3	14.7	18.8	22.0	20.4	18.4	18.0	19.4
Adani Enterprises	3.0	2.8	4.2	13.4	114.0	112.1	64.7	43.5
Adani Ports & Special Economic Zone Ltd	28.8	18.5	18.3	18.1	31.2	25.4	20.4	24.4
Apollo Hospital Enterprises	24.5	29.9	58.6	81.2	66.5	71.8	64.8	58.3
Asian Paints Ltd	21.5	30.1	39.9	51.7	82.7	61.8	57.1	55.5
Axis Bank Ltd	13.1	9.9	14.0	72.8	20.2	15.0	12.0	12.6
Bajaj Auto Ltd	9.7	15.1	17.5	17.7	17.4	15.6	19.2	34.0
Bajaj Finance Ltd	10.2	10.8	15.5	11.4	10.5	7.2	8.8	11.2
Bajaj Finserv Ltd	5.5	6.6	9.9	26.9	43.2	32.4	26.7	26.5
Bharat Electronics Ltd	15.8	12.7	14.4	17.8	16.8	19.7	24.4	40.0
Bharat Petroleum Corp Ltd	15.6	13.7	8.6	11.0	15.3	7.5	4.6	9.6
Bharti Airtel Ltd	20.9	45.4	29.3	72.6	57.3	54.2	42.5	31.4
Britannia Industries Ltd	28.8	23.3	28.3	47.3	46.9	44.5	51.2	57.0
Cipla Ltd/India	23.5	19.3	34.3	29.8	28.3	24.1	21.6	27.3
Coal India Ltd	2.9	13.7	15.8	14.2	4.0	3.8	5.2	7.7
Dr Reddy's Laboratories Ltd	27.6	16.8	26.8	30.2	24.3	14.3	16.1	18.8
Eicher Motors Ltd	7.0	12.0	NA	34.7	31.9	24.8	23.2	27.1
Grasim Industries Ltd	6.0	8.2	19.1	20.0	14.5	17.1	36.3	61.1
HCL Technologies Ltd	13.3	9.0	14.1	12.9	21.3	18.3	21.4	27.3
HDFC Bank Ltd	20.7	18.5	18.0	21.5	19.9	17.3	17.1	16.0
HDFC Life Insurance Co. Ltd.	NA	NA	-	NA	103.0	80.4	77.2	74.1
Hero MotoCorp Ltd	16.0	17.5	17.4	18.0	20.4	15.4	15.6	22.1
Hindalco Industries Ltd	9.9	9.0	17.2	9.9	8.6	9.4	9.1	11.6
Hindustan Unilever Ltd	24.3	25.2	37.1	50.1	60.2	58.1	56.4	55.9
ICICI Bank Ltd	19.5	13.6	15.0	30.5	17.7	16.0	15.8	15.1
IndusInd Bank Ltd	12.3	14.4	17.6	26.4	13.0	10.1	11.7	9.8
Infosys Ltd	20.5	16.0	16.5	16.4	29.9	25.2	22.6	28.2
ITC Ltd	20.5	24.2	32.3	25.6	17.1	20.1	26.0	26.7
JSW Steel Ltd	16.2	25.2	25.6	10.2	15.7	26.1	18.7	16.9
Kotak Mahindra Bank Ltd	17.6	18.6	25.9	29.1	27.1	21.8	19.7	18.8
Larsen & Toubro Ltd	20.9	18.0	26.2	19.8	24.7	22.6	27.7	27.2
Mahindra & Mahindra Ltd	12.0	13.5	22.6	34.4	17.5	16.5	16.2	29.0
Maruti Suzuki India Ltd	17.2	15.9	17.5	31.9	38.1	24.5	22.1	24.8
Nestle India Ltd	32.3	40.5	63.5	55.6	78.7	65.4	68.0	65.8
NTPC Ltd	17.9	11.9	10.8	10.7	7.2	8.3	11.0	17.5
Oil & Natural Gas Corp Ltd	10.8	9.2	17.1	10.4	4.3	4.3	5.0	7.1
Power Grid Corp of India Ltd	17.6	12.5	11.5	10.5	8.1	10.0	12.5	18.5
Reliance Industries Ltd	13.5	10.5	9.4	13.4	21.9	22.8	22.9	22.2
SBI Life Insurance Co.	NA	NA	-	NA	68.3	66.2	61.8	66.1
State Bank of India	11.9	8.9	25.1	200.4	8.9	7.8	7.9	9.5
Sun Pharmaceutical Industries Ltd	18.1	20.6	37.2	42.0	32.8	25.1	27.4	38.1
Tata Consultancy Services Ltd	16.3	16.9	20.1	20.7	32.0	27.5	26.5	26.8
Tata Consumer Products	19.9	18.1	3.7	32.6	65.2	60.5	64.1	61.0
Tata Motors Ltd	5.3	6.5	11.6	-0.8	-13.5	14.7	9.4	13.1
Tata Steel Ltd	-6.7	-1,397.8	-13.6	7.5	7.2	-1.0	-62.5	14.4
Tech Mahindra Ltd	12.9	7.2	15.6	13.4	23.0	27.7	33.0	26.5
Titan Co Ltd	21.2	29.4	38.8	56.5	67.8	64.1	76.4	67.9
Trent Ltd	NA	-117.4	81.6	36.7	140.2	52.5	49.6	125.8
UltraTech Cement Ltd	13.7	16.1	28.4	35.4	33.5	31.7	33.2	31.1
UPL Ltd	5.9	6.7	13.3	33.9	48.6	34.7	29.6	18.5
Wipro Ltd	15.6	13.2	15.1	14.8	27.7	20.3	19.3	22.0

Source: PL * as of August 21, 2024

Global cues volatile, demand hopes on festival/wedding season

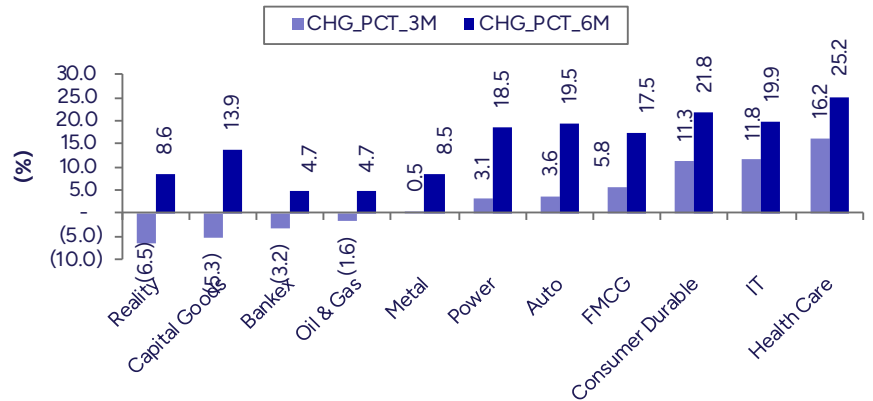
- NIFTY has been mainly flattish in past 6 weeks, which have seen extreme market volatility led by rising geopolitical tensions in Middle East, 50bps interest rate cut by US FED and recent elections in the state of Haryana and J&K. Strong DII inflows continue to power the markets. Chinese markets have seen strong comeback post stimulus and there has been heavy FII selling from past few days. Unexpected victory of ruling BJP in Haryana and highest vote share in J&K has put to rest near term political uncertainty and provided a major push to the markets. Elections freebies are on a sharp upswing and recent experience in states like Karnataka, Punjab and Himachal Pradesh indicate a serious threat to growth and state finances in coming years.
- 2Q has been a mixed lot, as prolonged rains and floods have shown impact on demand. Demand conditions remain mixed and all hopes rest on strong demand revival in festival and wedding season. Infra spends and ordering has shown a pickup and FY25 will remain volatile as Maharashtra, Jharkhand and Delhi are going to polls in coming few months. RBI has held on to interest rates amongst fears on inflation resurfacing as GOI has taken several steps to improve crop realizations in edible oilseeds, onion and Rice. We see some cut materializing in Dec24 only.
- Market tide shifted in favor of defensives as valuations in many cyclical had become quite expensive even after factoring in sustained growth. With hopes of higher growth and less risk, FMCG, IT Services, Pharma and consumer durables have seen strong bounce back.
- Return variation between large to mid-cap indices has converged considerably in past 3 months. Return variation with small cap indices is now less than 1% for 3-month period, however for 6/12 month period the gap remains considerable.
- FII inflows in past 6 weeks are up by Rs335bn, despite strong selling in past few days. DII inflows at Rs891bn continue to remain strong.

Exhibit 18: India up 2.7% YTD amidst high volatility and FII selling



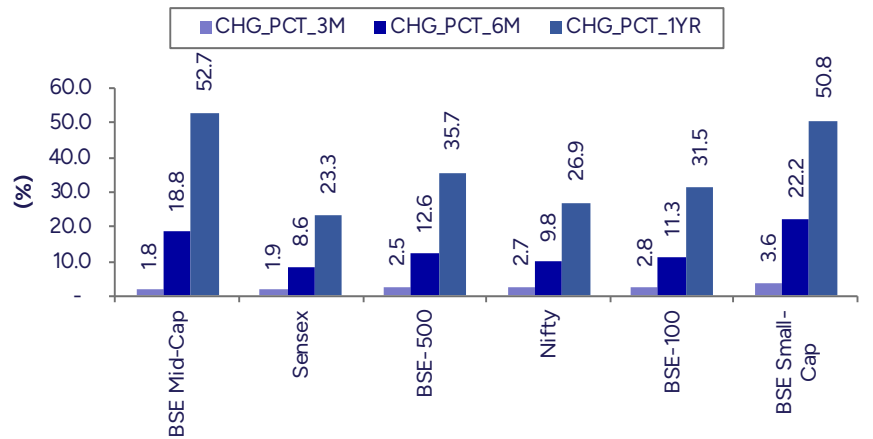
Source: PL

Exhibit 19: Defensives led by IT, Healthcare, Consumers lead returns



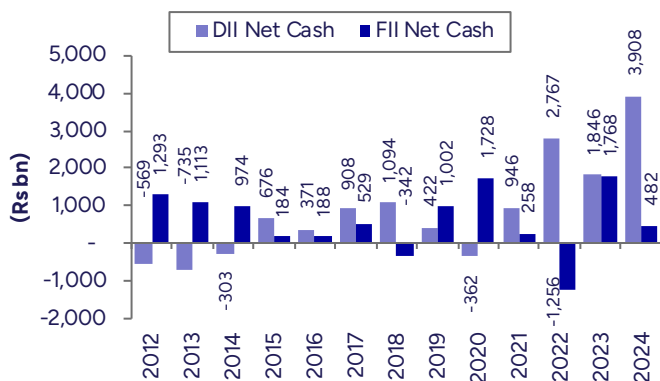
Source: PL

Exhibit 20: Large cap and mid\small cap returns are showing convergence



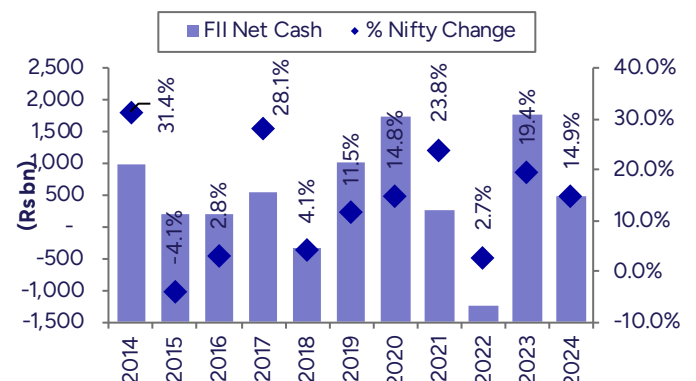
Source: PL

Exhibit 21: DII flows strong, FII flows volatile



Source: PL

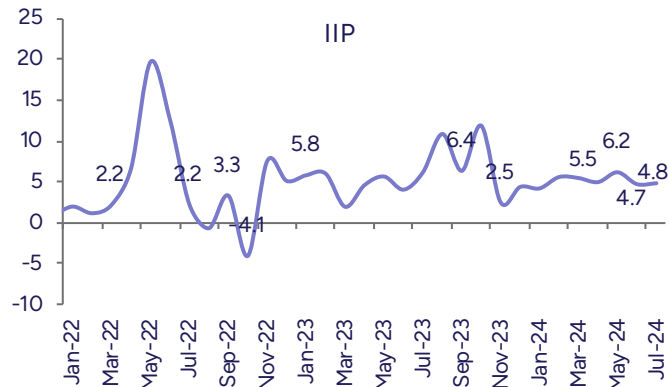
Exhibit 22: NIFTY positive YTD, FII flows remain volatile



Source: PL

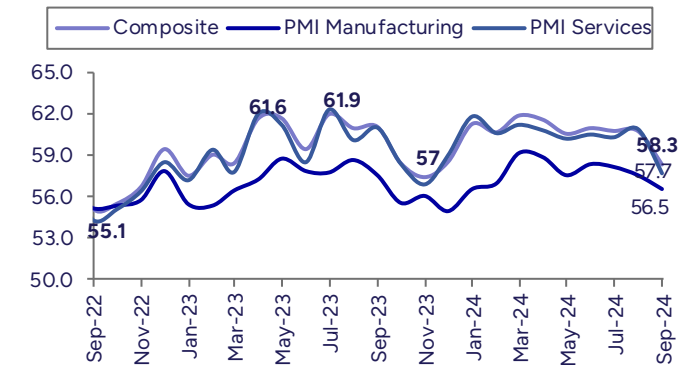
High Frequency indicators remain resilient

Exhibit 23: IIP growth steady at 4.8% in July'24



Source: Ministry of commerce, PL

Exhibit 24: PMI slips to 59.3 due to slower export growth in Sep



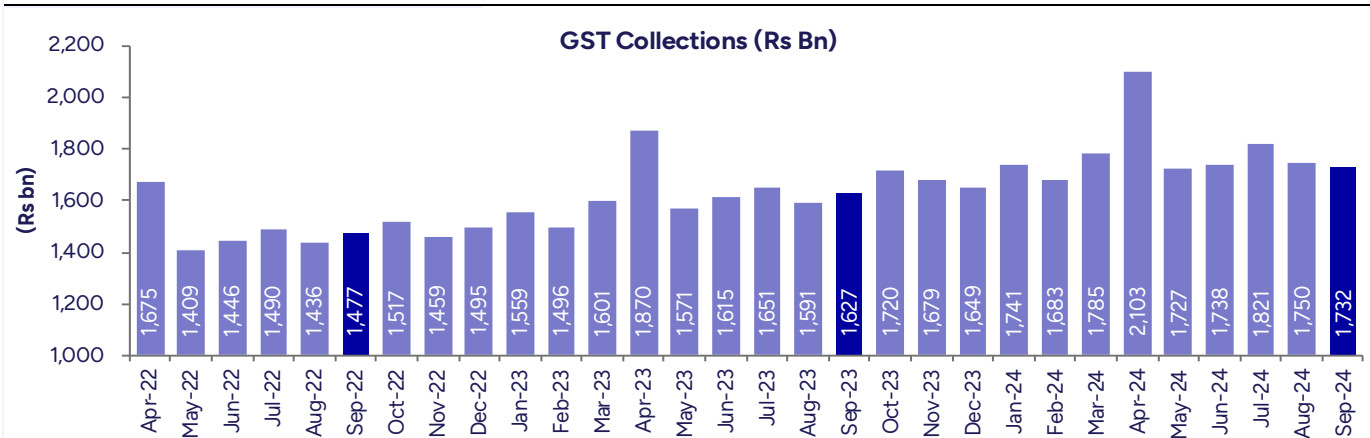
Source: Ministry of commerce, PL

Exhibit 25: IIP growth In July'24 led by Capital goods (up 12.0%) and Consumer durables (up 8.2%) and Electricity (7.9%)

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
General	6.2	10.9	6.4	11.9	2.5	4.4	4.2	5.6	5.5	5.0	6.2	4.7	4.8
Mining	10.7	12.3	11.5	13.1	7.0	5.2	6.0	8.1	1.3	6.8	6.6	10.3	3.7
Manufacturing	5.3	10.0	5.1	10.6	1.3	4.6	3.6	4.9	5.9	3.9	5.0	3.2	4.6
Electricity	8.0	15.3	9.9	20.4	5.8	1.2	5.6	7.6	8.6	10.2	13.7	8.6	7.9
Use-Based													
Basic goods	7.7	12.4	8.0	11.4	8.4	4.8	2.9	5.9	3.0	7.0	7.3	6.3	5.9
Intermediate goods	3.2	7.4	6.1	9.5	3.4	3.7	5.3	8.6	6.1	3.2	3.9	3.0	6.8
Capital goods	5.1	13.1	8.4	21.7	-1.1	3.7	3.2	1.7	7.0	2.7	2.9	3.8	12.0
Infra/Construction Goods	12.6	15.7	10.1	12.6	1.5	5.5	5.5	8.3	7.4	8.0	6.3	7.1	4.9
Consumer Durables	-3.6	6.0	1.0	15.9	-4.8	5.2	11.6	12.6	9.5	10.0	12.6	8.7	8.2
Consumer Non-durables	8.3	9.9	2.7	9.3	-3.4	3.0	0.3	-3.2	5.2	-2.5	2.5	-1.5	-4.4

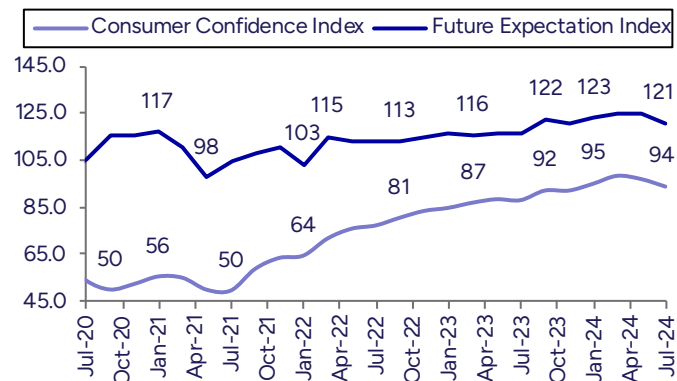
Source: MOSPI, PL

Exhibit 26: Sept'24 GST Collection at Rs.1.73bn up 6.5% YoY, showing impact of prolonged rains and inauspicious period



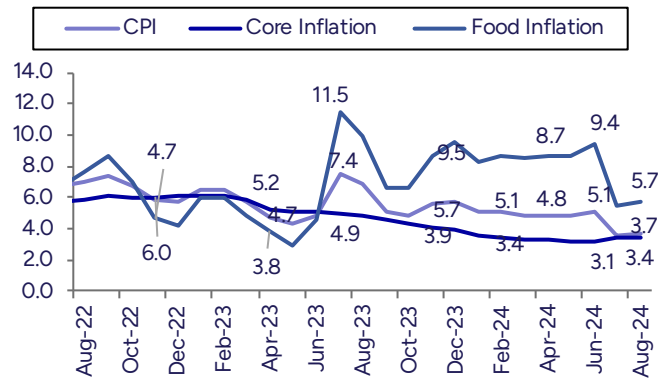
Source: GOI, PL

Exhibit 27: FEI-CEI gap remain sticky in Jul'24



Source: CMIE, PL

Exhibit 28: CPI at 3.7%, within RBI's range for 2nd month



Source: MOSPI, PL

Exhibit 29: India's CPI at 3.65% in August'24, Food Inflation remains elevated at 5.3% due to late onset of monsoon/floods

Consumer Price Index (CPI)	Weight	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
		6.8	5.0	4.9	5.6	5.7	5.1	5.1	4.9	4.83	4.80	5.08	3.60	3.65
Food, Beverages and Tobacco	45.9	9.2	6.3	6.3	8.0	8.7	7.6	7.8	7.7	7.9	7.9	8.4	5.1	5.3
Pan Tobacco and Intoxicants	2.4	4.1	3.9	3.9	3.8	3.6	3.3	3.1	3.1	3.0	3.0	3.1	3.0	2.7
Clothing and Footwear	6.5	5.2	4.6	4.3	3.9	3.6	3.4	3.1	3.0	2.9	2.7	2.7	2.7	2.7
Housing	10.1	4.4	4.0	3.8	3.6	3.6	3.2	2.9	2.7	2.7	2.6	2.7	2.7	2.7
Fuel and Light	6.8	4.3	-0.1	-0.4	-0.8	-1.0	-0.6	-0.8	-3.4	-4.0	-3.7	-3.6	-5.5	-5.3
Miscellaneous	28.3	4.9	4.8	4.5	4.4	4.1	3.8	3.6	3.5	3.5	3.4	3.4	3.8	3.9
Consumer Food Price Index	39.1	9.9	6.6	6.6	8.7	9.5	8.3	8.7	8.5	8.7	8.7	9.4	5.4	5.7

Source: MOSPI, PL

Exhibit 30: India's Trade Deficit hits 10-Month high of USD29.6bn, lower import duty pushes up Gold imports by 225% MoM

Merchandise Trade (USD bn)	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Exports	38.3	34.4	33.4	33.7	38.4	37.3	41.4	41.7	35.3	39.6	35.2	33.9	34.7
YoY %	3%	-3%	6%	-3%	1%	4%	12%	-1%	2%	13%	2%	-2%	-9%
Imports	62.3	54.5	63.4	54.5	56.4	53.3	60.1	57.3	54.7	62.1	56.7	57.5	64.3
YoY %	1%	-14%	10%	-4%	-8%	1%	12%	-6%	10%	8%	7%	9%	3%
- Oil	16.3	14.0	16.1	14.9	14.9	15.5	16.9	17.2	16.5	19.9	15.0	13.9	11.0
YoY %	-6%	-20%	-1%	-8%	-23%	-2%	0%	-4%	9%	28%	20%	18%	-32%
- Gold	4.9	4.1	7.2	3.4	3.0	1.9	6.1	1.5	3.1	3.3	3.1	3.1	10.1
YoY %	39%	7%	96%	2%	156%	174%	134%	-54%	178%	-10%	-39%	-11%	104%
- Non Oil Non Gold	41.1	36.4	40.1	36.1	38.5	35.9	37.1	38.5	35.1	38.8	38.6	40.5	43.3
YoY %	0%	-13%	7%	-3%	-5%	-1%	9%	-3%	4%	2%	8%	7%	5%
Trade Deficit	(24.0)	(20.1)	(30.0)	(20.7)	(18.1)	(16.0)	(18.7)	(15.6)	(19.4)	(22.5)	(21.5)	(23.6)	(29.6)
YoY %	-3%	-28%	15%	-6%	-22%	-6%	13%	-18%	28%	0%	15%	28%	23%

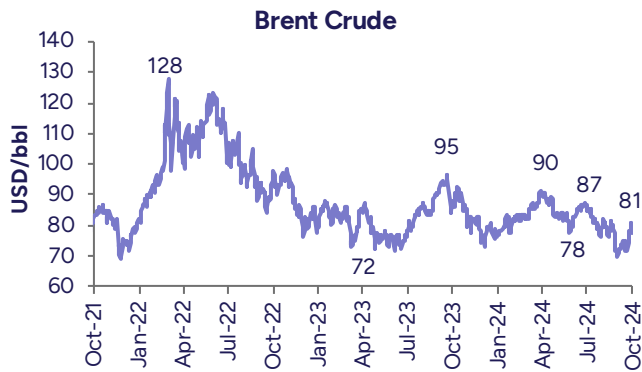
Source: Ministry of Commerce, PL

Exhibit 31: India's Services sector exports rise to USD30.7bn in August'24, boosting Services Balance to USD15bn (up 10% YoY)

Services	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Exports (Receipts)	28.7	29.4	28.7	28.7	27.9	32.8	32.2	28.5	29.6	30.2	30.3	28.4	30.7
YoY %	8%	1%	13%	9%	-11%	2%	17%	-6%	15%	12%	9%	8%	7%
Imports (Payments)	15.1	14.9	14.3	13.4	13.3	16.1	15.4	15.8	17.0	17.3	17.3	14.6	15.7
YoY %	-1%	-8%	6%	0%	-16%	2%	3%	-7%	22%	9%	11%	6%	4%
Services balance	13.6	14.5	14.4	15.3	14.6	16.8	16.8	12.7	12.6	12.9	13.0	13.9	15.0
YoY %	21%	12%	22%	20%	-5%	2%	35%	-6%	7%	16%	7%	11%	10%

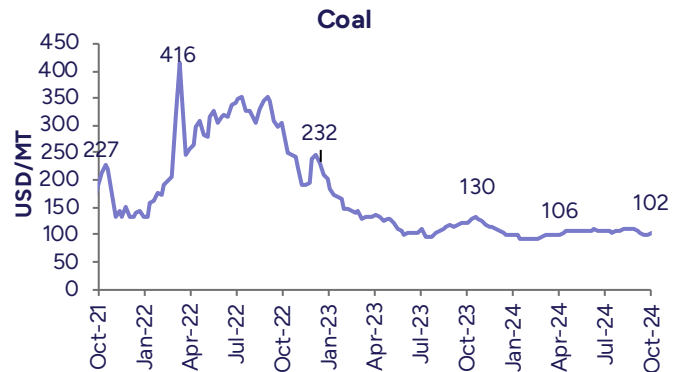
Source: Ministry of Commerce, PL

Exhibit 32: Geopolitical issues inflate crude \$81/barrel



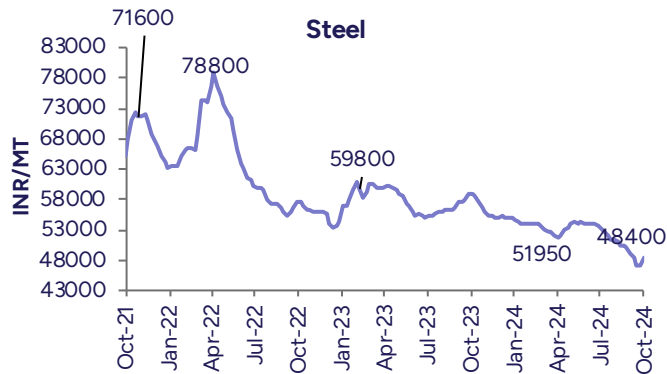
Source: PL

Exhibit 33: Coal prices decline 7% over past 2 months



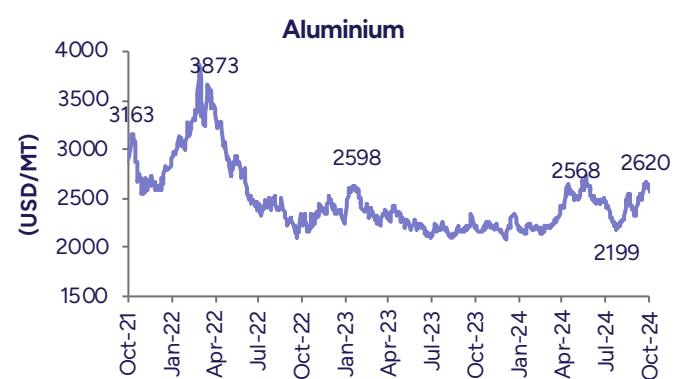
Source: Bigmint, PL

Exhibit 34: Steel prices soften 9% in past 2 months



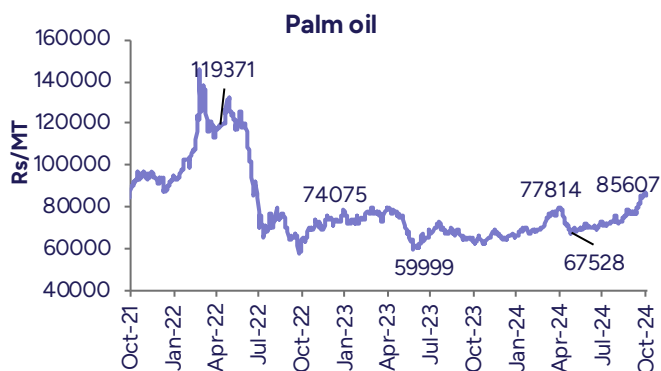
Source: Bigmint, PL

Exhibit 35: Aluminium price up 13% from recent lows



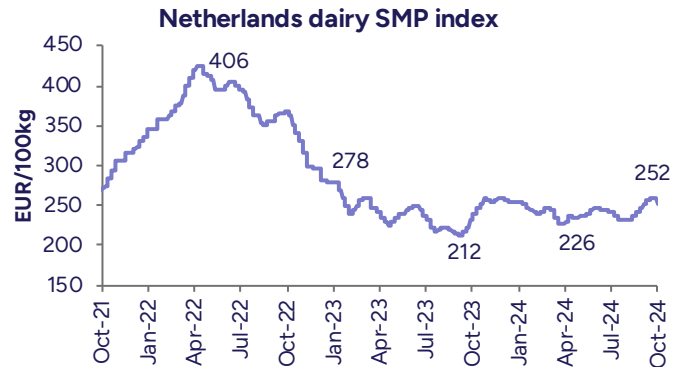
Source: PL

Exhibit 36: Palm oil prices up 26% from April lows



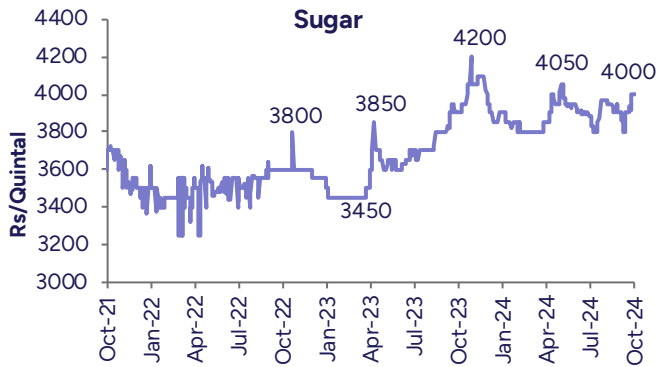
Source: PL

Exhibit 37: SMP prices up 8% from recent levels



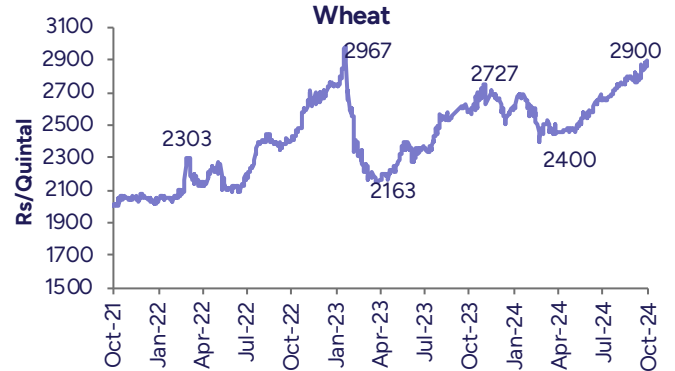
Source: PL

Exhibit 38: Sugar prices range bound up just 3% in 3 months



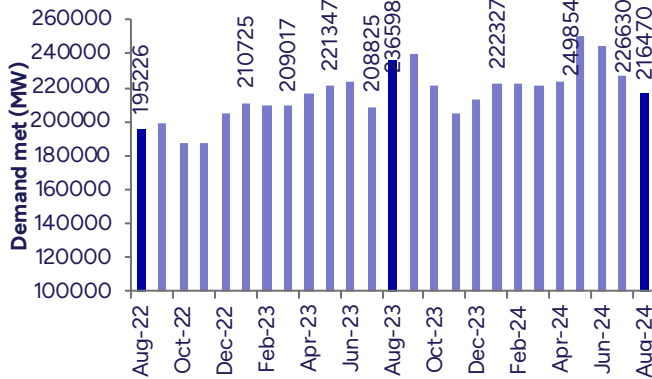
Source: PL

Exhibit 39: Wheat prices up 21% since April harvesting time



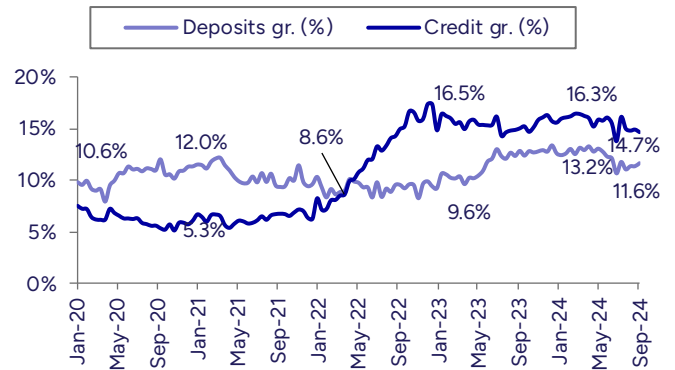
Source: PL

Exhibit 40: Aug'24 Power demand declined by 8.5% YoY



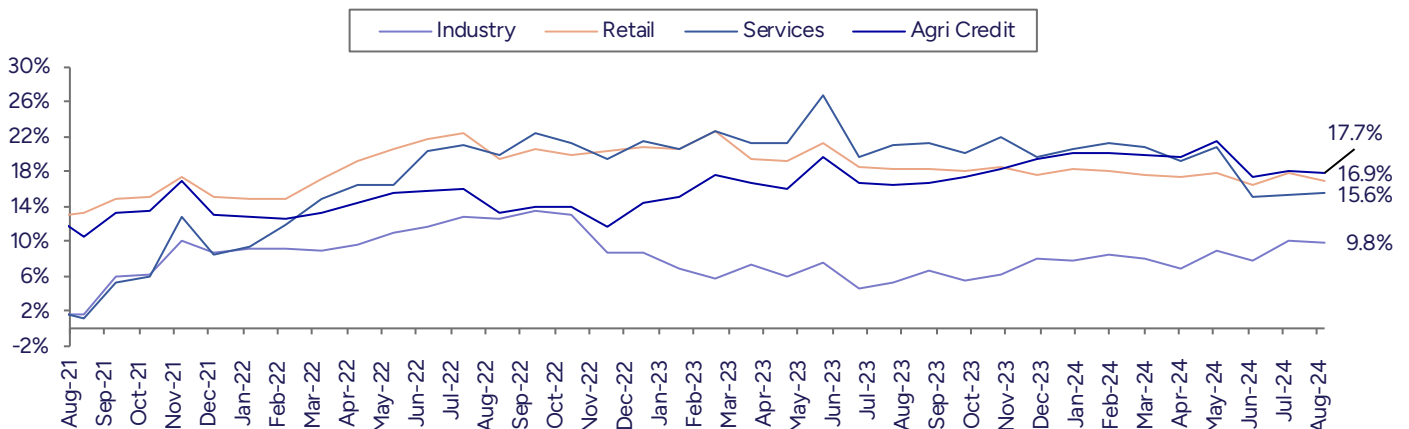
Source: CEA, PL Research

Exhibit 41: C-D gr. gap reduces 210bps from July levels



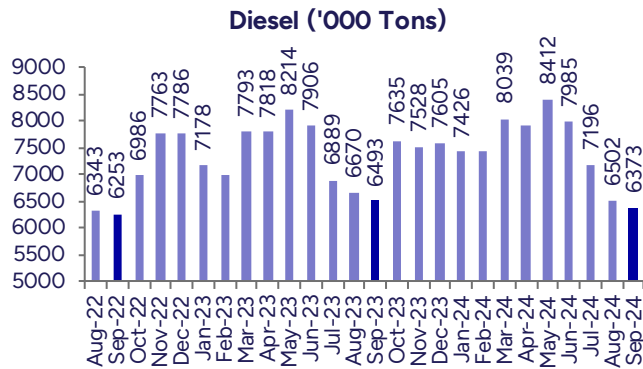
Source: RBI, PL

Exhibit 42: Industry credit growth up by 210bps in last 2 months, Service, Agri and retail credit growth steady to range bound



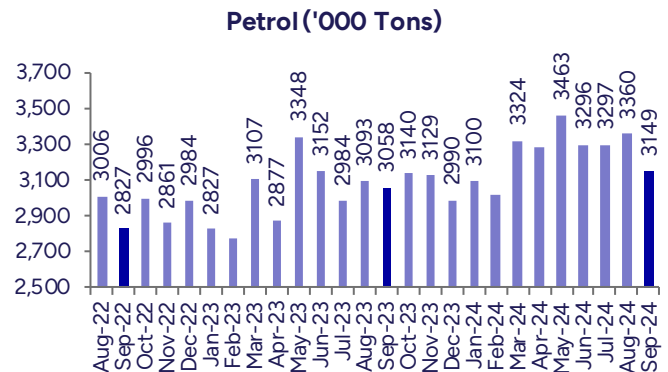
Source: RBI, PL

Exhibit 43: Diesel usage drops 2.0%YoY to 6.4mn ton in Sep



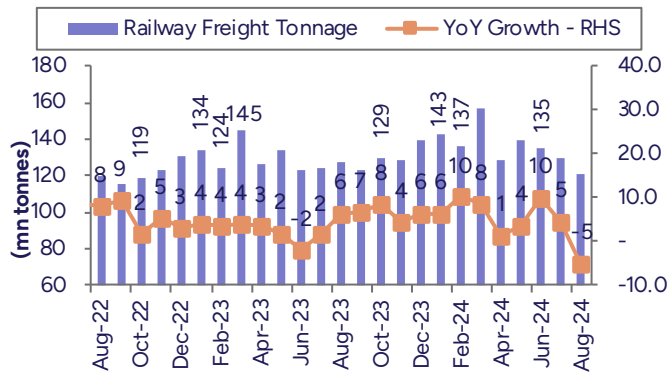
Source: PPAC, PL

Exhibit 44: Sep'24 consumption rises to 3.1mn ton (up 3.0%)



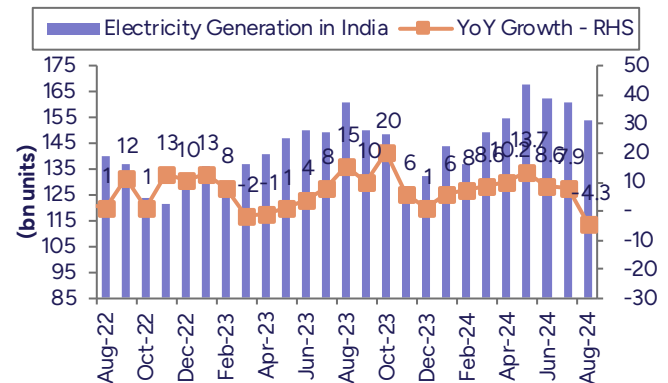
Source: PPAC, PL

Exhibit 45: Railway haulage down by 5% YoY in Aug'24



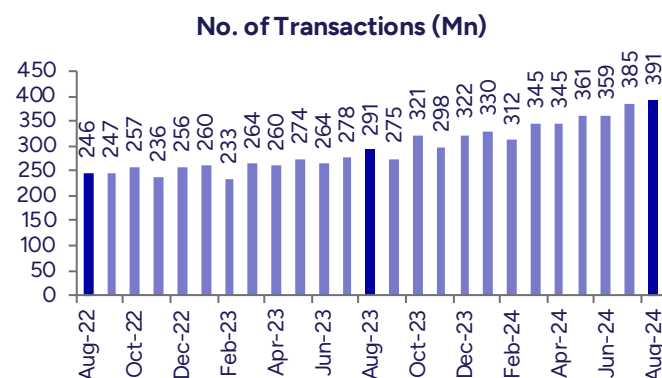
Source: Indian Railway, PL

Exhibit 46: Energy generation down 4.3% in Aug'24



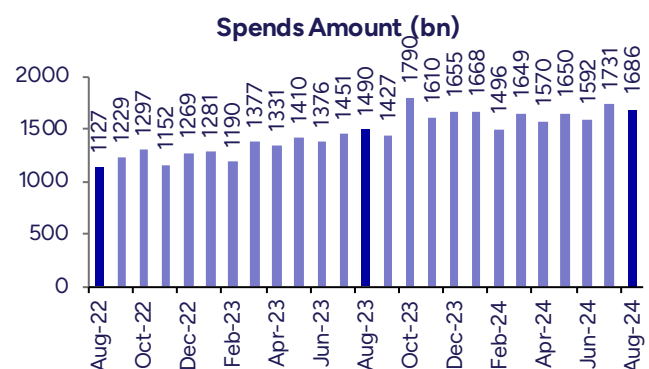
Source: CEA, PL

Exhibit 47: Aug 24 Credit Card transaction up 34%



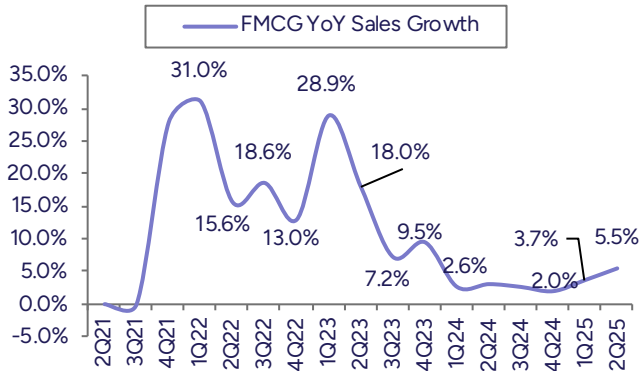
Source: RBI, PL

Exhibit 48: CC Spending up 13.2% YoY



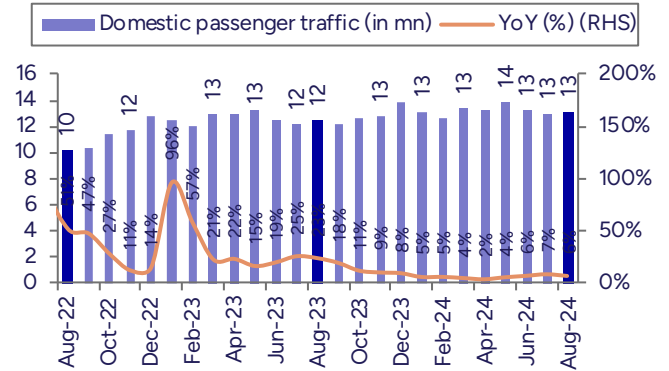
Source: RBI, PL

Exhibit 49: FMCG sales growth improves to 5.5% YoY



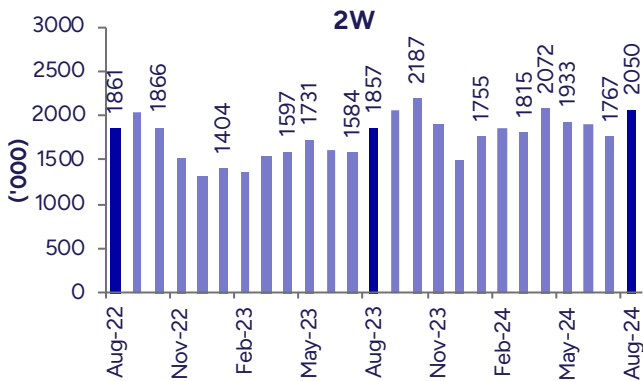
Source: Company, PL

Exhibit 50: Aug Air traffic rises by 6% YoY to 13mn



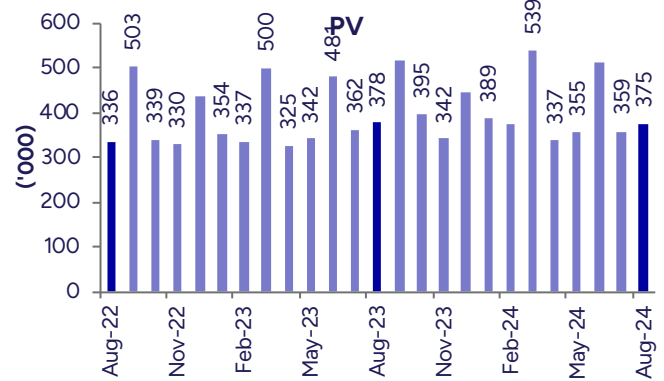
Source: DGCA, PL

Exhibit 51: Aug'24 2W Sales up by 10.4% YoY



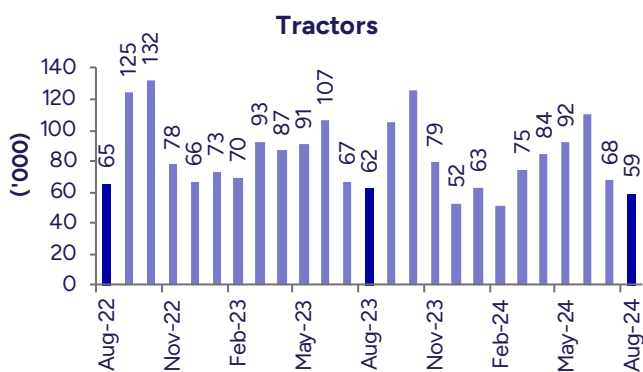
Source: SIAM, PL

Exhibit 52: While PV sales remain flattish at 375, down 0.1%



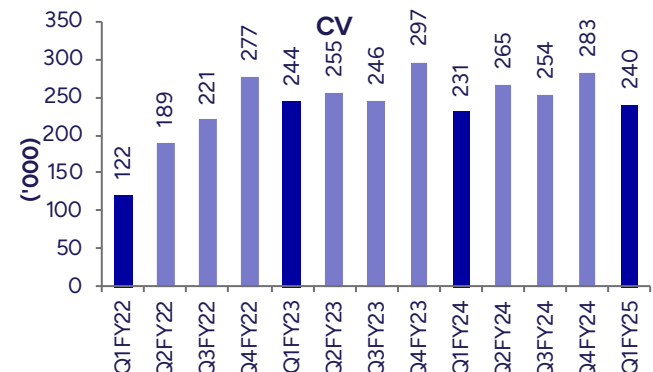
Source: SIAM, PL (*TATA motors only gives Quarterly numbers)

Exhibit 53: Tractor volumes at 59,000, down by 5.5%



Source: SIAM, PL

Exhibit 54: 1QFY25 CV volumes up by 3.8% YoY



Source: SIAM, PL

All eyes on 2H25 demand recovery

We estimate 5% sales growth with flat EBIDTA and 3.8% decline in PBT of our coverage universe. Ex oil & Gas, we estimate 6.6% growth in EBIDTA and 10.1% in PBT. Auto, Capital Goods, Hospitals, AMC's, Pharma, Chemicals and Durables will lead PBT growth. Oil and Gas, Building Materials, cement and Media will report decline in EBIDTA. Banks, consumer, IT and travel will grow EBIDTA in single digit.

- Strong EBIDTA growth trends is likely to sustain in Hospitals, Pharma, Capital Goods and Chemicals. Auto, banks and Durables will also show double-digit EBIDTA growth. Rural demand is showing signs of recovery for staples, although 2Q will show some impact of prolonged rains. Discretionary spending on travel, housing, Jewellery and 2W remains positive while PV, QSR, apparel, footwear, Building materials remain affected.
- Auto, CG, Pharma and Hospitals will report robust margin expansion while Building Materials, Consumers, Media, Oil and gas and cement will report decline in margins by 149, 55, 369, 417 and 154bps.
- We believe Capital Goods (govt capex and PLI), Travel, Hospitals, AMC's, Telecom and Pharma seem well placed for sustained growth in coming quarters. Cement and metals should report better growth and profitability in 2H25. Banks are likely to see NIM compression in coming quarters as well. Wire and cable companies are on a strong wicket. 2H25 will be a test for urban discretionary spends; any disappointments on this front can lead to cut in earnings in consumption related sectors.

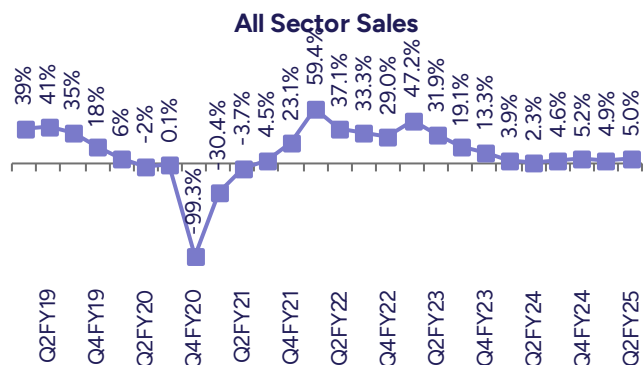
Exhibit 55: PL Universe – Auto, Capital Goods, Hospitals, Durables lead growth; Cement, O&G, Media drag

1QFY25 Results	Revenue (%)		EBITDA Growth (%)		EBITDA Margin (bps)		PBT Growth (%)		PAT Gr. (%)	
	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
AMC	33.9	10.3					43.2	(3.4)	26.2	(9.8)
Automobiles	5.6	2.6	12.5	2.0	88	(9)	15.9	7.3	15.5	9.0
Banks	10.2	3.2	12.5	(1.1)	141	(301)	7.8	(1.7)	6.1	(1.5)
Building Material	2.2	(4.3)	(7.8)	(10.3)	(149)	(92)	(14.5)	(13.6)	(11.8)	(8.9)
Capital Goods	15.0	11.7	22.2	24.0	71	122	21.8	24.3	20.0	27.8
Cement	(4.5)	(14.7)	(13.7)	(24.4)	(154)	(186)	(37.2)	(41.8)	(39.8)	(45.3)
Chemicals	15.9	1.2	18.6	5.7	41	75	20.7	9.1	21.8	10.6
Consumer Durables	11.5	(16.7)	14.5	(16.1)	25	8	17.0	(16.7)	20.1	(16.9)
Consumer Staples	8.9	4.9	6.0	4.5	(58)	(8)	4.5	5.3	4.6	5.2
Education	7.0	(64.2)	(21.4)	(118.6)	473	(3,820)	(16.9)	(134.1)	(30.2)	(161.2)
HFCs	0.1	3.6	(1.4)	3.5	(134)	(8)	5.0	(5.8)	4.3	(5.8)
Hospitals	12.9	6.3	18.7	13.9	95	130	21.2	18.0	22.1	20.2
IT	5.5	2.7	8.5	4.8	55	40	10.3	3.6	10.2	4.4
Logistics	9.4	2.1	123.6	0.4	255	(8)	(225.2)	(5.0)	(187.2)	(1.1)
Media	(17.0)	5.6	(30.6)	13.4	(369)	130	(65.6)	89.4	(69.4)	88.7
Metals	0.2	0.9	9.0	(6.9)	103	(108)	19.8	(11.7)	(0.4)	(6.3)
Oil & Gas	2.6	(4.0)	(24.5)	0.8	(417)	55	(36.9)	4.0	(44.4)	(11.3)
Pharma	12.0	2.4	20.6	0.0	188	(62)	23.6	(0.2)	24.4	2.0
Telecom	11.2	7.0	11.3	10.2	2	152	1.8	14.5	189.3	7.3
Travel	11.2	(13.7)	5.7	(49.7)	(89)	(1,217)	(41.8)	(87.4)	(52.4)	(91.0)
PL Universe	5.0	(0.3)	0.0	0.2	(95)	8	(3.8)	0.4	(6.1)	(2.2)
PL Universe (Ex-BFSI)	4.6	(0.5)	(3.7)	0.6	(131)bps	17 bps	(8.0)	1.4	(10.7)	(2.5)
PL Universe (Ex-Oil)	6.6	2.2	10.9	(0.0)	93 bps	(52)bps	10.1	(0.4)	9.8	(0.1)

Source: PL

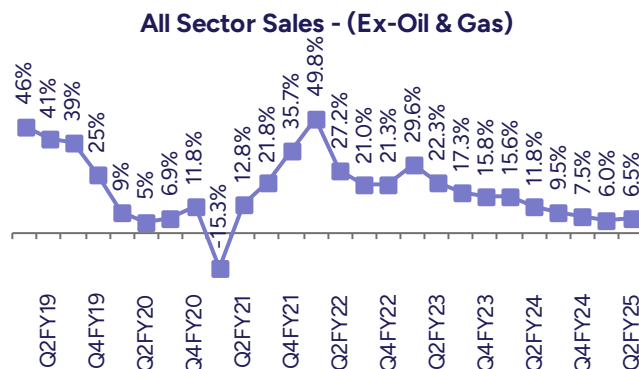
Mixed demand, margins expand due to lower input costs

Exhibit 56: AMC, Hospitals, CG boost sales



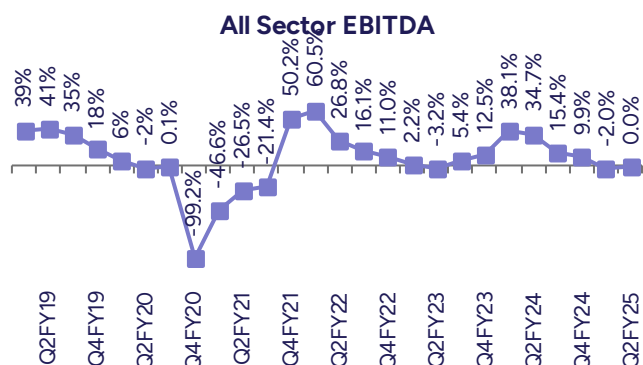
Source: Company, PL

Exhibit 57: Cement, Build Material drag sales



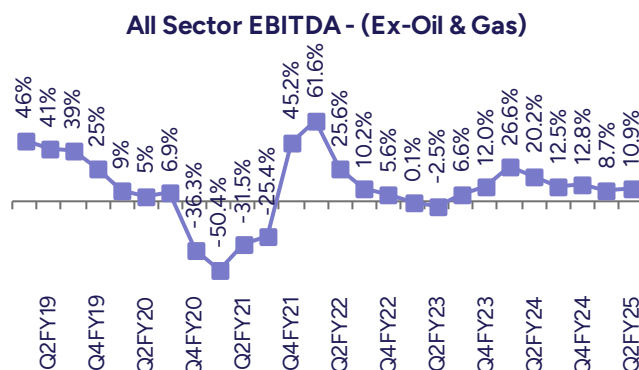
Source: Company, PL

Exhibit 58: CG, Hospitals, Pharma, Chemicals lead



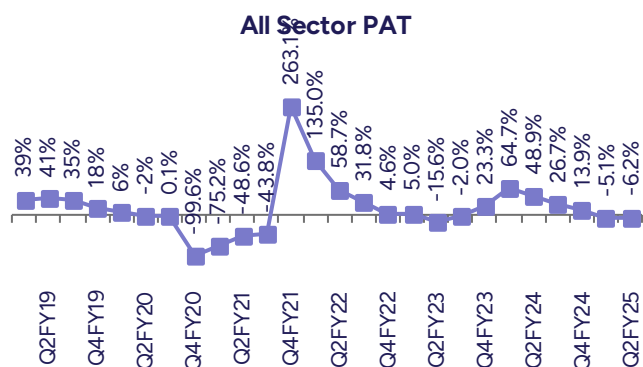
Source: Company, PL

Exhibit 59: Cement, Media, Travel and Consumer drag



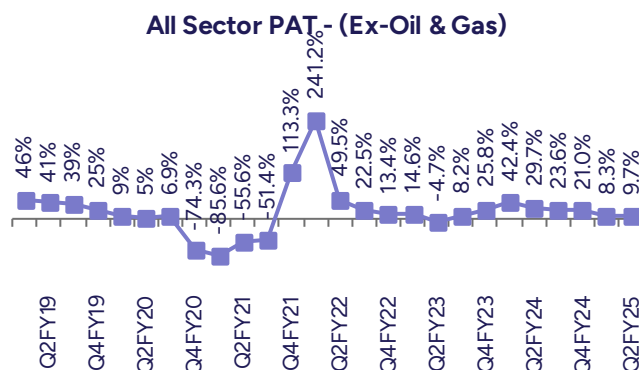
Source: Company, PL

Exhibit 60: AMC, CG, Hospitals and Durables led growth



Source: Company, PL

Exhibit 61: 9.8% PAT growth as O&G PAT declined 44.4%



Source: Company, PL

2QFY25 Results – Trading BUY & SELL Ideas



Oil India
MGL
Engineers India
HDFC AMC
Polycab
Max Healthcare
KIMS

Jubilant Food
Shree Cement
Bajaj Electricals
RBA

These are purely for tactical trades and do not reflect our long term fundamental calls.

Exhibit 62: 1QFY25 Result Snapshot

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Automobiles																
Ashok Leyland	89,540	96,380	-7.1	85,985	4.1	10,700	10,798	-0.9	9,109	17.5	6,506	5,758	13.0	5,256	23.8	Q2FY25 volume for the 2W industry grew in double digits, while PV OEMs de-grew marginally due to a high base and monsoon impacting footfalls. CVs were impacted by seasonality and slow implementation of infrastructure projects. Healthy monsoon and favourable base lifted tractor OEM volume by 2.6% YoY. Factoring this, we anticipate Q2FY25E to deliver a revenue growth of 3.2% YoY (excl. JLR) for our coverage OEMs. Prices of key inputs have been range during the quarter, which along with mix improvement and price hike shall help sustain the margin profile across OEMs. We expect EBITDA margin (excl. JLR) to improve by 110bps YoY across our OEM coverage. For auto ancillaries, we expect revenue to grow by 12.3% YoY, driven by the double-digit growth in 2W volume and order execution for component players, while EBITDA margin could expand by 40bps YoY
Bajaj Auto	1,32,400	1,07,773	22.9	1,19,280	11.0	27,251	21,329	27.8	24,153	12.8	22,927	18,361	24.9	19,883	15.3	
Bharat Forge	43,101	37,742	14.2	41,061	5.0	7,997	6,223	28.5	7,410	7.9	3,721	2,307	61.3	2,314	60.8	
CEAT	34,197	30,533	12.0	31,928	7.1	4,582	4,561	0.5	3,829	19.7	1,996	2,080	-4.1	1,487	34.2	
Divgi Torqtransfer Systems	592	687	-13.9	542	9.2	98	143	-31.6	87	11.7	67	107	-37.6	60	12.2	
Eicher Motors	45,178	41,145	9.8	43,931	2.8	12,198	10,872	12.2	11,654	4.7	11,873	10,163	16.8	11,015	7.8	
Endurance Technologies	29,013	25,450	14.0	28,255	2.7	3,859	3,183	21.2	3,741	3.2	1,991	1,546	28.8	2,039	-2.3	
Exide Industries	45,173	41,067	10.0	43,128	4.7	5,515	4,831	14.1	4,943	11.6	3,367	2,870	17.3	2,796	20.4	
Hero Motocorp	1,03,359	94,454	9.4	1,01,437	1.9	15,297	13,283	15.2	14,598	4.8	12,023	10,538	14.1	11,226	7.1	
Mahindra & Mahindra	2,67,552	2,43,099	10.1	2,70,388	-1.0	39,865	29,341	35.9	40,222	-0.9	35,677	34,519	3.4	26,126	36.6	
Maruti Suzuki	3,77,558	3,70,621	1.9	3,55,314	6.3	48,705	47,842	1.8	45,023	8.2	38,702	37,165	4.1	36,499	6.0	
Tata Motors	10,81,711	10,51,282	2.9	10,80,480	0.1	1,48,456	1,37,239	8.2	1,55,090	-4.3	49,906	38,877	28.4	55,230	-9.6	
TVS Motors	95,910	81,446	17.8	83,756	14.5	11,413	8,998	26.8	9,602	18.9	7,165	5,366	33.5	5,773	24.1	
Total	23,45,286	22,21,680	5.6	22,85,486	2.6	3,35,937	2,98,642	12.5	3,29,460	2.0	1,95,921	1,69,656	15.5	1,79,703	9.0	
Banks																
Axis Bank	1,36,085	1,23,146	10.5	1,34,482	1.2	1,01,063	86,319	17.1	1,01,062	0.0	64,326	58,636	9.7	60,346	6.6	Banks under our coverage are expected to witness a better quarter compared to Q1FY25 led by private banks due to higher fees and lower provisions sequentially. Core earnings could see a slight uptick of +1.7 QoQ to Rs554.7bn. Loan/deposit growth is expected to pick up given Q1 is seasonally weak, and we envisage a growth of +3.4%/+3.8% QoQ. LDR may fall to 85.1%, while NIM is likely to contract by 3bps QoQ to 3.59%. FB, CUB, DCB and IIB may report better NIM movement. Fees might bounce back, growing 6.2% QoQ, to Rs357bn, which would be offset by rise in opex to Rs851bn (+6.3% QoQ). HDFCB, ICICIB, AXSB, KMB and FB may outperform on core PPOp.
Bank of Baroda	1,19,120	1,08,307	10.0	1,16,001	2.7	75,394	80,197	-6.0	71,613	5.3	44,817	42,529	5.4	44,582	0.5	
City Union Bank	5,718	5,384	6.2	5,452	4.9	3,823	3,866	-1.1	3,735	2.4	2,677	2,806	-4.6	2,645	1.2	
DCB Bank	5,251	4,757	10.4	4,966	5.7	2,225	2,105	5.7	2,054	8.4	1,396	1,268	10.1	1,314	6.3	
Federal Bank	24,101	20,564	17.2	22,920	5.2	14,166	13,245	7.0	15,009	-5.6	9,480	9,538	-0.6	10,095	-6.1	
HDFC Bank	3,11,112	2,73,852	13.6	2,98,371	4.3	2,49,108	2,26,939	9.8	2,38,846	4.3	1,66,580	1,59,761	4.3	1,61,748	3.0	
ICICI Bank	2,01,943	1,83,079	10.3	1,95,529	3.3	1,55,778	1,42,293	9.5	1,60,248	-2.8	1,07,801	1,02,610	5.1	1,10,591	-2.5	
IndusInd bank	55,547	50,767	9.4	54,076	2.7	40,404	38,809	4.1	39,267	2.9	22,053	21,815	1.1	21,522	2.5	
Kotak Mahindra Bank	70,723	62,966	12.3	68,424	3.4	50,999	46,101	10.6	52,541	-2.9	34,124	31,910	6.9	35,161	-2.9	
State Bank of India	4,23,624	3,95,000	7.2	4,11,255	3.0	2,45,385	1,94,166	26.4	2,64,486	-7.2	1,56,038	1,43,300	8.9	1,70,352	-8.4	
Total	13,53,224	12,27,823	10.2	13,11,475	3.2	9,38,345	8,34,039	12.5	9,48,861	-1.1	6,09,293	5,74,172	6.1	6,18,354	-1.5	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Building Materials																
Astral Ltd.	14,659	13,630	7.6	13,836	6.0	2,135	2,201	-3.0	2,144	-0.4	1,215	1,317	-7.7	1,195	1.7	In Q2FY25, Building material companies under our coverage universe are expected to report moderate revenue growth due to weak demand and higher base, along with contraction in margins due to inventory loss in plastic pipe companies and higher timber prices in the woodpanel segment. Plastic pipe sector is anticipated to see moderate volume growth of 8.9% YoY. Further, tiles and bathware sectors are likely to experience lower growth due to weak demand & increased competitive intensity. We expect coverage companies to register sales growth of 2.2% YoY, given correction in Finolex Ind, CERA Sanitaryware (CRS) and Greenpanel revenue, while Astral and Century Plyboards are likely to outperform. Driven by inventory loss in the plastic pipe segment & higher timer prices in woodpanel segment, we anticipate margin to contract by +140bps YoY, and EBITDA and PAT to decline by 7.8% and 11.8%, respectively for coverage companies.
Century Plyboard (I)	11,013	9,968	10.5	10,054	9.5	1,371	1,443	-5.0	1,112	23.3	735	969	-24.1	341	115.6	
Cera Sanitaryware	4,214	4,631	-9.0	4,007	5.2	598	765	-21.8	581	3.1	484	574	-15.6	475	2.1	
Finolex Industries	8,031	8,832	-9.1	11,405	-29.6	883	1,030	-14.2	2,067	-57.3	799	980	-18.4	1,671	-52.2	
Greenpanel Industries	3,514	3,987	-11.9	3,650	-3.7	428	691	-38.1	360	18.6	230	410	-43.9	157	46.4	
Kajaria Ceramics	11,611	11,216	3.5	11,137	4.3	1,718	1,797	-4.4	1,671	2.9	1,012	1,082	-6.5	946	6.9	
Supreme Industries	23,942	23,087	3.7	26,364	-9.2	3,458	3,562	-2.9	3,873	-10.7	2,370	2,432	-2.5	2,734	-13.3	
Total	76,984	75,351	2.2	80,452	-4.3	10,591	11,489	-7.8	11,807	-10.3	6,846	7,762	-11.8	7,519	-8.9	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Capital Goods																
ABB	33,006	27,692	19.2	28,309	16.6	6,522	4,385	48.7	5,425	20.2	5,243	3,620	44.8	4,426	18.4	We expect our capital goods coverage universe to report healthy performance in Q2FY25 owing to the 1) execution of robust opening order books, 2) continued capex-led demand in the domestic market, and 3) strong traction in key export segments such as energy transition, turbines, and T&D. Overall, we expect revenue/EBITDA growth of ~15%/22% YoY (~14%/28% YoY ex-L&T). Execution pace, order & enquiry pipeline, and supply chain constraints will be key monitorables. Our top picks are ABB India, Voltamp Transformers, Apar Industries & Bharat Electronics.
Apar Inds Ltd	43,858	39,260	11.7	40,105	9.4	3,925	3,498	12.2	3,756	4.5	2,076	1,739	19.4	2,025	2.5	
BEML	11,227	9,168	22.5	6,341	77.1	954	591	61.5	-501	NA	759	518	46.6	-705	NA	
Bharat Electronics	47,023	39,933	17.8	41,988	12.0	11,003	10,044	9.6	9,367	17.5	8,808	8,123	8.4	7,761	13.5	
BHEL	62,426	51,253	21.8	54,849	13.8	125	-3,877	NA	-1,694	NA	-424	-2,334	NA	-2,125	NA	
Carborandum Universal	12,435	11,463	8.5	11,975	3.8	2,126	1,675	26.9	1,936	9.9	1,381	1,019	35.6	1,130	22.3	
Engineers India	8,760	7,898	10.9	6,238	40.4	876	985	-11.1	510	71.7	959	1,275	-24.8	916	4.7	
GE T&D India	10,467	6,978	50.0	9,583	9.2	1,821	606	200.3	1,822	-0.0	1,291	372	247.4	1,345	-4.0	
Grindwell Norton	7,451	6,674	11.6	7,056	5.6	1,453	1,314	10.6	1,331	9.1	1,029	1,019	1.0	932	10.4	
Harsha Engineering	3,681	3,395	8.4	3,432	7.3	519	352	47.2	552	-5.9	353	204	73.0	361	-2.2	
Hindustan Aeronautics	61,993	56,357	10.0	43,475	42.6	16,397	15,276	7.3	9,907	65.5	14,120	12,367	14.2	10,898	29.6	
KEC International	49,103	44,990	9.1	45,119	8.8	3,143	2,743	14.6	2,704	16.2	955	558	71.1	636	50.2	
Cummins India	21,078	18,997	11.0	23,042	-8.5	4,110	3,386	21.4	4,673	-12.1	3,851	3,285	17.2	4,198	-8.3	
Kalpataru Power Transmission	43,247	38,440	12.5	37,220	16.2	3,676	3,080	19.4	3,140	17.1	1,459	1,100	32.6	1,170	24.7	
Larsen & Toubro	5,91,459	5,10,240	15.9	5,51,198	7.3	65,438	56,320	16.2	56,153	16.5	35,902	32,226	11.4	27,857	28.9	
Praj Industries	9,218	8,824	4.5	6,991	31.9	1,032	778	32.8	868	19.0	722	623	15.9	560	28.9	
Siemens	64,440	58,077	11.0	52,035	23.8	9,320	7,002	33.1	6,915	34.8	7,592	5,713	32.9	5,756	31.9	
Thermax	25,706	23,025	11.6	21,844	17.7	2,057	2,046	0.5	1,412	45.7	1,510	1,586	-4.8	1,094	38.0	
Triveni Turbine	4,939	3,878	27.4	4,633	6.6	1,032	744	38.8	956	8.0	849	642	32.1	800	6.0	
Voltamp Transformers	4,713	3,814	23.6	4,282	10.1	848	688	23.4	758	11.9	780	684	13.9	794	-1.9	
Total	11,16,231	9,70,355	15.0	9,99,715	11.7	1,36,380	1,11,636	22.2	1,09,990	24.0	89,212	74,339	20.0	69,831	27.8	
Cement																
ACC	39,823	44,347	-10.2	51,549	-22.7	4,452	5,493	-18.9	6,791	-34.4	1,730	3,879	-55.4	3,614	-52.1	In Q2FY25, cement demand is expected to remain weak due to lower construction and infrastructure activities amidst monsoon. Cement pricing remained under pressure (declined 2-4% QoQ) across regions amidst weak demand. We expect cement companies in our coverage universe to report lower single digit volume growth YoY while UTCEM/ ACEM to gain market share. EBITDA/t to decline by Rs100-150/t QoQ.
Ambuja Cement	38,859	39,698	-2.1	45,158	-13.9	5,102	7,734	-34.0	6,460	-21.0	4,537	6,438	-29.5	5,804	-21.8	
Dalmia Bharat	30,581	31,490	-2.9	36,210	-15.5	4,962	5,890	-15.8	6,690	-25.8	765	1,190	-35.7	2,255	-66.1	
Nuvoco Vistas Corporation	22,305	25,730	-13.3	26,365	-15.4	2,444	3,300	-25.9	3,434	-28.8	-1,333	15	NA	28	NA	
Shree Cement	41,121	45,846	-10.3	48,347	-14.9	7,023	8,701	-19.3	9,164	-23.4	884	4,913	-82.0	3,177	-72.2	
Ultratech Cement	1,54,146	1,55,170	-0.7	1,75,324	-12.1	23,139	23,502	-1.5	29,810	-22.4	10,578	12,057	-12.3	16,501	-35.9	
Total	3,26,835	3,42,281	-4.5	3,82,953	-14.7	47,122	54,619	-13.7	62,348	-24.4	17,161	28,492	-39.8	31,378	-45.3	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Chemicals																
Aarti Industries	17,456	14,540	20.1	18,550	-5.9	2,732	2,340	16.7	3,060	-10.7	1,099	920	19.4	1,380	-20.4	Specialty chemical companies within our coverage are anticipated to report modest sequential improvement in performance for Q2FY25 with 15.9%/18.6%/21.8% YoY and 1.2%/5.7%/10.6% QoQ increase in revenue/EBITDA/PAT. YoY growth is expected to be higher due to the lower base in FY24, which was a challenging year for Indian chemical companies. Growth will primarily be driven by higher volumes; though lower realizations will remain a concern for several companies. Those with exposure to fluorination are likely to benefit from higher domestic refrigerant prices. However, threats such as increased capacity utilization in EU27 and heightened competition from China persist for Indian chemical companies. The agrochemical sector is expected to remain weak, at least until H2FY25, while other sectors such as pharma, dyes and pigments are likely to see improvement. We continue to remain cautious on the sector with some upside in Fine Organics, Navin Fluorine International and Vinati Organics.
Clean Science and Technology	2,325	1,811	28.4	2,240	3.8	976	748	30.5	947	3.2	705	522	35.0	659	7.0	
Deepak Nitrite	21,481	17,781	20.8	21,668	-0.9	3,307	3,023	9.4	3,092	6.9	2,151	2,051	4.9	2,025	6.2	
Fine Organic Industries	5,408	4,717	14.6	5,083	6.4	1,352	1,044	29.6	1,218	11.0	1,034	794	30.3	990	4.4	
Gujarat Fluorochemicals	11,593	9,468	22.4	11,760	-1.4	2,614	1,631	60.3	2,620	-0.2	1,136	527	115.4	1,080	5.2	
Jubilant Ingrevia	10,658	10,199	4.5	10,243	4.0	1,163	1,177	-1.2	1,095	6.2	527	575	-8.4	487	8.0	
Laxmi Organic Industries	7,455	6,523	14.3	7,182	3.8	753	389	93.3	712	5.7	383	108	256.0	344	11.5	
Navin Fluorine International	6,243	4,718	32.3	5,237	19.2	1,215	983	23.6	1,004	21.1	673	606	11.1	512	31.4	
NOCIL	3,899	3,509	11.1	3,722	4.8	455	453	0.4	411	10.8	277	272	1.9	271	2.2	
SRF	35,096	31,774	10.5	34,641	1.3	6,800	6,262	8.6	6,034	12.7	3,456	3,008	14.9	2,522	37.0	
Vinati Organics	5,478	4,629	18.3	5,247	4.4	1,290	1,048	23.1	1,251	3.1	869	725	20.0	859	1.2	
Total	1,27,094	1,09,668	15.9	1,25,574	1.2	22,656	19,098	18.6	21,443	5.7	12,309	10,106	21.8	11,129	10.6	
Consumer Durables																
Bajaj Electicals	11,427	11,128	2.7	11,549	-1.1	686	581	18.1	754	-9.1	339	378	-10.5	281	20.5	Consumer durables sector experienced weak demand during Q2FY25 due to soft pickup in the festival season and heavy rains. W&C segment continued to outperform, driven by healthy cable demand from infrastructure projects. We expect our consumer durables universe to register sales/EBITDA/PAT growth of 11.5%/14.5%/20.1% YoY in 2QFY25. Our top picks are Polycab, RR Kabel and Crompton.
Crompton Greaves Consumer Electricals	18,903	17,823	6.1	21,377	-11.6	1,890	1,745	8.3	2,324	-18.7	1,178	972	21.1	1,517	-22.4	
Havells India	43,184	39,003	10.7	58,062	-25.6	4,534	3,734	21.5	5,722	-20.8	3,192	2,491	28.2	4,075	-21.7	
KEI Inds	21,751	19,466	11.7	20,605	5.6	2,251	2,039	10.4	2,146	4.9	1,561	1,402	11.3	1,502	3.9	
Polycab India	48,793	42,177	15.7	46,980	3.9	6,372	6,089	4.7	5,834	9.2	4,423	4,256	3.9	3,960	11.7	
R R Kabel	18,544	16,097	15.2	18,081	2.6	1,224	1,209	1.2	949	28.9	801	741	8.1	644	24.4	
Voltas	25,474	22,928	11.1	49,210	-48.2	1,478	703	110.3	4,238	-65.1	1,243	367	238.7	3,342	-62.8	
Total	1,88,077	1,68,620	11.5	2,25,865	-16.7	18,435	16,099	14.5	21,967	-16.1	12,736	10,607	20.1	15,321	-16.9	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Consumer Staples																
Asian Paints	86,905	84,786	2.5	89,697	-3.1	16,773	17,162	-2.3	16,938	-1.0	10,993	12,058	-8.8	11,713	-6.1	We estimate our coverage universe to report Sales, EBITDA and PAT growth of 8.9%/6%/4.6% YoY on 58bps EBITDA margin contraction. Rural grew ahead of urban in staples while discretionary demand remained tepid. Rural demand is showing signs of improvement while urban demand growth is steady, partly impacted by food inflation and recent floods. Decline in food inflation and impact of normal monsoons is likely to improve demand growth in coming quarters. Demand across QSR, Footwear and Apparel continue to remain tepid. Paints witnessed a weak quarter amid heavy rains across regions, although 3Q looks better due to upcoming festival and wedding season. Jewellery had a decent quarter led by prepone of wedding shopping due to duty cuts; however, gold prices saw a sharp rally, which dampened sept demand. We rate TITAN as preferred pick given hopes of sustained demand in festival and wedding season.
Britannia Industries	48,318	44,329	9.0	42,503	13.7	9,035	8,724	3.6	7,537	19.9	6,398	5,865	9.1	5,295	20.8	
Colgate Palmolive	16,371	14,711	11.3	14,967	9.4	5,484	4,821	13.8	5,083	7.9	3,920	3,401	15.3	3,640	7.7	
Dabur India	30,436	32,038	-5.0	33,491	-9.1	5,631	6,609	-14.8	6,550	-14.0	4,273	5,070	-15.7	4,944	-13.6	
Avenue Supermarts	1,44,423	1,26,244	14.4	1,40,691	2.7	11,554	10,050	15.0	12,213	-5.4	7,136	6,236	14.4	7,737	-7.8	
Emami	9,168	8,649	6.0	9,061	1.2	2,494	2,337	6.7	2,165	15.2	1,917	1,800	6.5	1,527	25.6	
Hindustan Unilever	1,58,107	1,52,760	3.5	1,53,390	3.1	37,629	36,940	1.9	36,060	4.4	27,032	26,680	1.3	25,720	5.1	
ITC	1,79,237	1,65,501	8.3	1,70,001	5.4	65,242	60,416	8.0	62,955	3.6	52,520	49,270	6.6	49,205	6.7	
Jubilant FoodWorks	14,591	13,448	8.5	14,396	1.4	2,845	2,807	1.4	2,782	2.3	525	721	-27.2	515	1.9	
Kansai Nerolac Paints	19,009	18,456	3.0	20,504	-7.3	2,756	2,699	2.1	3,344	-17.6	1,878	1,799	4.4	2,411	-22.1	
Metro Brands Asia	5,946	5,557	7.0	5,761	3.2	1,665	1,554	7.2	1,804	-7.7	730	667	9.4	917	-20.4	
Marico	26,865	24,760	8.5	26,430	1.6	5,319	4,970	7.0	6,260	-15.0	3,891	3,600	8.1	4,740	-17.9	
Mold Tech Packaging	1,951	1,704	14.5	1,967	-0.8	371	321	15.3	357	3.8	169	157	7.9	165	2.4	
Nestle India	53,894	50,368	7.0	46,585	15.7	12,665	12,287	3.1	10,588	19.6	8,514	8,055	5.7	7,017	21.3	
Pidilite Industries	32,914	30,760	7.0	33,954	-3.1	7,735	6,797	13.8	8,127	-4.8	5,302	4,585	15.6	5,713	-7.2	
Restaurant Brands Asia	5,079	3,698	37.3	4,906	3.5	685	479	43.2	626	9.5	-255	-112	NA	-268	NA	
Titan Company	1,41,086	1,16,600	21.0	1,20,530	17.1	16,366	13,550	20.8	12,110	35.1	10,929	9,400	16.3	7,700	41.9	
Westlife Development	6,455	6,147	5.0	6,145	5.0	839	982	-14.6	768	9.2	57	224	-74.7	15	285.9	
Total	9,80,755	9,00,516	8.9	9,34,979	4.9	2,05,089	1,93,505	6.0	1,96,267	4.5	1,45,930	1,39,475	4.6	1,38,704	5.2	
Education																
Navneet Education	2,863	2,658	7.7	7,978	-64.1	86	-43	NA	2,199	-96.1	-56	-326	NA	851	NA	In a non-seasonal quarter, education companies under our coverage universe are expected to report a modest top-line growth of 7.0% YoY with an improvement in GM. For S Chand (SCHAND), it is the weakest quarter of the season and top-line is expected to remain flat, while Navneet's (NELI) core publishing business would continue to face growth challenges. We maintain a positive outlook on book publishers.
S Chand & Co	388	380	2.1	1,107	-64.9	-511	-498	NA	84	NA	-453	-403	NA	-21	NA	
Total	3,251	3,038	7.0	9,085	-64.2	-425	-541	NA	2,283	NA	-509	-729	NA	831	NA	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Healthcare																
Apollo Hospitals Enterprise	54,892	48,469	13.3	50,856	7.9	7,898	6,275	25.9	6,751	17.0	3,664	2,310	58.6	3,052	20.0	Seasonally, Q2 is a strong quarter for hospitals given higher incidences of dengue and airborne diseases, which increase patient admissions. We anticipate hospital companies in our coverage universe to post healthy EBITDA growth of 19%. We see 100-700bps QoQ improvement in occupancy. On YoY basis, occupancy trend is a mixed bag. We anticipate ARPOB to continue to remain healthy, aided by improving case and payor mix. Overall, hospital companies are expected to post 19% YoY growth (14% QoQ) in post IND AS EBITDA (~15% YoY EBITDA growth ex of Rs1.4bn loss in Apollo 24x7) in Q2. We remain structurally positive in the hospitals space and expect momentum to continue in 2HFY25 with 1) further improvement in occupancy, 2) better case mix and 3) new capacity additions.
Aster DM Healthcare	10,399	9,294	11.9	10,019	3.8	1,820	1,440	26.4	1,695	7.3	936	438	113.5	740	26.5	
Fortis Healthcare	19,188	17,700	8.4	18,588	3.2	3,950	3,302	19.6	3,424	15.3	2,040	1,737	17.5	1,659	23.0	
HealthCare Global Enterprises	5,520	4,869	13.4	5,256	5.0	1,010	846	19.4	909	11.1	174	136	28.2	121	44.0	
Jupiter Life Line Hospitals	3,034	2,632	15.3	2,871	5.7	728	610	19.3	639	14.1	517	337	53.4	446	15.9	
Krishna Institute of Medical Sciences	7,388	6,525	13.2	6,884	7.3	2,106	1,773	18.8	1,794	17.4	1,042	920	13.2	866	20.3	
Max Healthcare Institute	20,531	17,320	18.5	19,350	6.1	5,650	4,980	13.5	4,990	13.2	3,680	3,520	4.5	2,950	24.7	
Narayana Hrudayalaya	14,346	13,052	9.9	13,410	7.0	3,310	3,081	7.4	3,039	8.9	2,193	2,268	-3.3	2,016	8.8	
Total	1,35,298	1,19,861	12.9	1,27,233	6.3	26,471	22,307	18.7	23,241	13.9	14,245	11,666	22.1	11,849	20.2	
Housing Finance																
Aavas Financiers	2,518	2,223	13.3	2,446	2.9	1,969	1,631	20.7	1,695	16.1	1,473	1,217	21.0	1,261	16.8	For our coverage HFCs, AuM could see 1.8% QoQ growth to Rs3.5trn in Q2FY25 with disbursements likely to bounce back at 25.5% growth sequentially (Q1 usually sees a drop due to seasonality). Housing segment for banks may grow by 2.4% QoQ. Disbursal run-rate of LICHF is the key monitorable given weak credit flows in the last few quarters. Other income might surge by 20.6% QoQ to Rs1.4bn, as AAVAS usually sees a jump in off-book income in Q2, which would be more than offset by opex increase of 8.4% QoQ to Rs4.9bn. Hence, PPOp could increase by 3.5% QoQ to Rs23bn. We see provisions normalizing to 44bps, mainly due to LICHF. PAT might fall by 5.8% QoQ to Rs15.3bn. CanFin Homes is our preferred pick.
Can Fin Homes	3,261	3,168	2.9	3,214	1.5	2,755	2,702	2.0	2,796	-1.4	2,030	1,581	28.4	1,996	1.7	
LIC Housing Finance	20,698	21,066	-1.8	19,891	4.1	18,264	18,993	-3.8	17,715	3.1	11,811	11,881	-0.6	13,002	-9.2	
Total	26,476	26,457	0.1	25,551	3.6	22,988	23,325	-1.4	22,206	3.5	15,314	14,678	4.3	16,259	-5.8	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Information Technology																
Cyient	18	18	2.0	17	8.2	2	3	-9.3	2	18.3	2	2	-8.0	1	17.4	In Q2FY25, we expect the gradual recovery within the IT sector to continue & it will be majorly contributed by few verticals (BFSI & communication) & North America region, instead of a broad based recovery. With no major change in the demand environment we expect a median revenue growth of 1.6% QoQ CC in Q2 vs 1.5% QoQ CC growth in Q1. On the margin front we expect operating margin to remain stable with a median margin improvement of 40 bps QoQ in our coverage space as all the margin operating levers are fully utilized & most of names have delayed the wage hike to H2. We further expect the TCV wins to increase in Q2 from the low base of Q1. Our top picks within the sector are HCL Tech, Infosys & LTIMindtree.
HCL Technologies	286	267	7.3	281	2.0	51	49	4.1	48	7.1	41	38	6.2	43	-4.4	
Infosys	409	390	4.9	393	4.1	88	83	6.1	83	6.0	68	62	9.8	64	7.0	
LTIMindtree	94	89	5.8	91	3.1	14	14	1.3	14	5.2	12	12	4.1	11	6.5	
Mphasis	35	33	7.1	34	2.6	5	5	6.0	5	4.6	4	4	6.5	4	3.2	
Persistent Systems	28	24	17.6	27	3.6	4	3	14.0	4	-1.8	3	3	16.2	3	-0.2	
Tata Consultancy Services	643	597	7.7	626	2.7	162	145	11.9	154	4.9	128	113	13.0	120	6.5	
Tech Mahindra	132	129	2.3	130	1.2	12	9	27.3	11	8.7	10	10	3.2	9	18.5	
Wipro	222	225	-1.4	220	1.1	35	33	4.9	36	-3.0	30	26	11.9	30	-1.4	
Total	1,868	1,771	5.5	1,819	2.7	374	345	8.5	357	4.8	298	270	10.2	285	4.4	
Logistics																
Delhivery	21,716	19,418	11.8	21,723	-0.0	869	-156	NA	971	-10.5	414	-1,029	NA	596	-30.6	In 2QFY25E, the logistics sector is expected to witness green shoots due to pre-festive stocking and a rise in e- and q-commerce demand, with e-way bill generation up 17% YoY. The Drewry Index for global logistics more than tripled, indicating strong international demand. Universal revenue/EBITDA is expected to grow by 9.4%/2.6x YoY, with Delhivery turning profitable, boosting universe profitability.
Mahindra Logistics	14,971	13,648	9.7	14,200	5.4	719	536	34.1	663	8.4	46	-159	NA	-93	NA	
TCI Express	2,976	3,200	-7.0	2,930	1.6	390	505	-22.7	335	16.2	266	356	-25.1	231	15.3	
Total	39,663	36,265	9.4	38,853	2.1	1,977	884	123.6	1,969	0.4	726	-833	NA	734	-1.1	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Media																
Imagicaaworld Entertainment	425	355	19.6	1,806	-76.5	10	39	-75.6	1,071	-99.1	-145	-130	NA	691	NA	Given the high base of 2QFY24, industry-wide BO collections declined 19.7% YoY to ~Rs26.3bn. Nonetheless, there is a sharp recovery in box office fortunes when compared to the last 2 quarters due to strong performance from regional movies. We expect PVR-Inox to report footfalls of 38.7mn and pre-IND AS EBITDA margin of 10.6%. On the broadcasting side, ZEEL's performance is likely to be impacted by continued weakness in the advertising environment.
Nazara Technologies	3,169	2,972	6.6	2,501	26.7	313	279	12.4	249	25.8	214	181	17.9	226	-5.5	
PVR Inox	15,723	19,999	-21.4	11,907	32.1	4,573	7,068	-35.3	2,515	81.8	-155	1,663	NA	-1,787	NA	
Zee Entertainment	20,291	24,378	-16.8	21,305	-4.8	2,536	3,328	-23.8	2,717	-6.6	1,377	2,497	-44.9	1,554	-11.4	Despite the ongoing headwinds in Kiddopia, Real Money Gaming and Ad-Tech, Nazara's top-line is expected to increase by 6.6% YoY due to consolidation of Freaks 4U and Fusebox. We anticipate an improvement in EBITDA margin by 50bps YoY to 9.9%. Imagicaa is expected to report a subdued quarter as 2Q is typically a seasonally weak period for theme parks due to monsoons. Footfalls are expected to increase by 50% YoY to 0.23mn with a breakeven at operating level.
Total	39,608	47,704	-17.0	37,519	5.6	7,432	10,714	-30.6	6,552	13.4	1,290	4,210	-69.4	684	88.7	
Metals & Mining																
Hindalco Industries	572	542	5.7	570	0.4	67	56	19.3	75	-10.7	33	21	57.1	37	-10.3	Ferrous companies in our coverage universe are expected to deliver weak performance for third straight quarter given 1) realization is under pressure (decline 4-5% QoQ) as prices fell sharply following Chinese pricing and 2) weak volume growth (1% YoY). EBITDA/t is expected to decline by ~Rs700 for universe. NMDC is expected to deliver strong realization (+16% YoY) aided by earlier price hikes but tepid volume growth. JDSL performance is weak again due to maintenance shutdown and weak exports. Non-Ferrous companies are expected to report strong performance aided by higher alumina pricing and strong volume growth.
Jindal Stainless	98	98	0.3	94	4.2	12	12	-0.9	12	0.6	7	8	-15.9	6	0.5	
Jindal Steel & Power	117	123	-4.7	136	-14.2	21	23	-8.9	28	-26.6	8	14	-41.0	13	-38.9	
JSW Steel	444	446	-0.4	429	3.4	62	79	-21.4	55	12.5	15	24	-35.2	8	83.3	
National Aluminium Co.	35	30	15.5	29	23.0	10	4	154.2	9	7.9	6	2	213.4	6	7.5	
NMDC	47	40	18.3	54	-12.3	16	12	31.6	23	-33.0	13	10	27.8	20	-33.3	
Steel Authority of India	263	280	-5.9	240	9.6	31	21	47.4	22	40.8	9	12	-23.9	0	8,735.2	
Tata Steel	543	557	-2.6	548	-0.9	53	43	25.2	67	-20.2	3	5	-31.4	11	-70.2	
Total	2,120	2,115	0.2	2,100	0.9	272	250	9.0	293	-6.9	96	96	-0.4	102	-6.3	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Travel & Tourism																
Chalet Hotels	3,551	3,145	12.9	3,610	-1.6	1,453	1,260	15.4	1,402	3.6	593	364	62.7	607	-2.3	The overall travel environment generally tends to be a bit sluggish in 2Q due to monsoons but hotels & luggage have witnessed a sharp recovery as compared to preceding quarter that was marred by heat wave & elections. In hospitality, all-India average occupancy stood at 62-64% in Jul'24, up ~200 bps YoY and remained flat in Aug'24 at 60-62% reflecting buoyancy in demand. For luggage sector, pre-stocking for the festive season (particularly on e-commerce channel) has provided a positive boost this quarter. However, rising competition has resulted in a price war and that is likely to put margins under pressure. As for aviation sector, domestic traffic increased 7.3%/5.7% YoY to 13.0mn/13.1mn in Jul/Aug'24.
InterGlobe Aviation	1,66,101	1,49,439	11.2	1,95,707	-15.1	25,532	23,958	6.6	57,833	-55.9	-1,277	1,889	NA	27,288	NA	
Indian Railway Catering and Tourism Corporation	10,857	9,953	9.1	11,202	-3.1	3,832	3,666	4.5	3,749	2.2	3,062	2,947	3.9	3,055	0.2	
Lemon Tree Hotels	2,762	2,272	21.6	2,680	3.0	1,232	1,019	20.9	1,151	7.1	251	226	10.7	198	26.5	
Safari Industries (India)	4,477	3,700	21.0	4,500	-0.5	676	635	6.5	659	2.6	420	398	5.7	444	-5.3	
V.I.P. Industries	5,734	5,461	5.0	6,389	-10.3	103	529	-80.5	493	-79.1	-215	133	NA	40	NA	
Total	1,93,482	1,73,970	11.2	2,24,088	-13.7	32,829	31,066	5.7	65,287	-49.7	2,834	5,957	-52.4	31,632	-91.0	
Oil & Gas																
Bharat Petroleum Corporation	986.1	1,029.9	-4.2	1,131.0	-12.8	61.7	129.1	-52.2	56.5	9.2	32.6	85.0	-61.6	30.1	8.2	Given the continued weakness in Singapore GRM at USD3.5/bbl amid soft product cracks, the refining segment of OMCs is expected to come in weaker. However, marketing margins to come in strong with GMM on petrol/diesel at Rs9.8/6.3/ltr. For upstream companies, net oil realisation post windfall tax to come in at USD73.8/bbl while gas realisation will remain unchanged at USD6.5/mmBtu. For CGDs, MGL is expected to report a strong volume growth of 11% YoY, while IGL's growth would be weaker at 6% YoY. Gujarat Gas' volume to remain flat YoY on account of monsoon impact in Morbi. Reliance's standalone segment will continue to remain under pressure on account of weak refining and petchem outlook. Jio's EBITDA to increase 8% QoQ amid tariff hikes undertaken while Retail to report a revenue growth of 9% YoY
GAIL (India)	337.4	318.2	6.0	336.9	0.1	41.5	34.9	18.8	45.3	-8.4	25.0	24.0	4.0	27.2	-8.2	
Gujarat Gas	42.4	38.5	10.2	44.5	-4.8	5.2	5.0	5.5	5.4	-2.2	3.2	3.0	6.5	3.3	-3.8	
Gujarat State Petronet	3.7	4.5	-18.6	3.4	9.9	2.9	4.1	-29.3	3.0	-3.6	3.0	5.3	-44.3	2.1	39.7	
Hindustan Petroleum Corporation	1,056.2	887.8	19.0	1,067.5	-1.1	37.2	82.2	-54.7	21.1	76.7	13.9	51.2	-72.9	3.6	289.8	
Indraprastha Gas	34.1	34.6	-1.3	35.2	-3.0	6.1	6.6	-7.9	5.8	4.1	4.4	5.4	-17.5	4.0	9.9	
Indian Oil Corporation	1,827.9	1,797.4	1.7	1,932.4	-5.4	85.5	213.1	-59.9	86.3	-1.0	30.4	129.7	-76.6	26.4	14.8	
Mahanagar Gas	15.1	15.7	-4.1	15.9	-5.2	4.5	4.8	-7.0	4.2	6.5	3.1	3.4	-7.8	2.8	9.8	
Manglore Refinery Petrochemicals	204.9	192.3	6.6	232.5	-11.8	0.9	22.4	-96.0	6.1	-85.2	-3.1	10.6	NA	0.7	NA	
Oil India	57.5	59.1	-2.8	58.4	-1.5	26.6	24.9	6.8	24.7	7.8	19.6	26.9	-27.1	14.7	33.6	
Oil & Natural Gas Corporation	346.6	351.6	-1.4	352.7	-1.7	181.5	183.6	-1.1	186.2	-2.5	92.7	102.2	-9.3	89.4	3.7	
Petronet LNG	146.4	125.3	16.8	134.2	9.1	12.3	12.1	1.2	15.6	-21.3	8.3	8.2	0.9	11.4	-27.7	
Reliance Industries	2,299.3	2,318.9	-0.8	2,317.8	-0.8	388.8	409.7	-5.1	387.7	0.3	116.9	173.9	-32.8	178.5	-34.5	
Total	7,357.6	7,173.8	2.6	7,662.2	-4.0	854.6	1,132.5	-24.5	847.7	0.8	349.9	628.7	-44.4	394.3	-11.3	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	QoQ gr. (%)	
Pharma																
Aurobindo Pharma	78,663	72,194	9.0	75,670	4.0	17,238	14,034	22.8	16,196	6.4	10,237	7,528	36.0	9,182	11.5	We expect pharmaceuticals companies under our coverage to report another strong quarter with EBITDA growth of 20% YoY (flat QoQ) aided by 1) new launches (gRevlimid, gSpiriva, gMyrbetriq, etc.) in the US market, 2) steady domestic business and 3) higher margins. We expect continued easing of cost pressures during the quarter, which will aid margins YoY. In case of domestic formulation business, volume offtake in the acute and trade generic segments is likely to be healthy given the seasonality. Our top picks remain SUNP, LPC, JBCP and ERIS.
Cipla	71,991	66,781	7.8	66,939	7.5	19,271	17,337	11.2	17,158	12.3	13,631	11,309	20.5	11,776	15.7	
Divis Lab	22,820	19,090	19.5	21,180	7.7	7,096	4,790	48.1	6,230	13.9	5,118	3,480	47.1	4,300	19.0	
Dr. Reddy's Laboratories	78,313	68,802	13.8	76,727	2.1	21,189	19,916	6.4	21,270	-0.4	14,073	14,800	-4.9	13,920	1.1	
Eris Lifesciences	7,459	5,053	47.6	7,197	3.6	2,625	1,811	44.9	2,500	5.0	901	1,234	-27.0	832	8.3	
Indoco Remedies	4,681	4,817	-2.8	4,315	8.5	642	714	-10.0	478	34.5	173	351	-50.6	10	1,615.0	
IPCA Labs	23,046	20,340	13.3	20,926	10.1	4,789	3,195	49.9	3,875	23.6	2,529	1,451	74.4	1,921	31.7	
JB Chem & Pharma	10,009	8,817	13.5	10,044	-0.3	2,746	2,435	12.8	2,804	-2.1	1,713	1,506	13.8	1,768	-3.1	
Lupin	56,149	50,386	11.4	56,003	0.3	12,660	9,232	37.1	12,864	-1.6	7,776	4,897	58.8	8,013	-3.0	
Sun Pharmaceutical Industries	1,33,585	1,21,924	9.6	1,26,528	5.6	37,936	32,135	18.1	36,581	3.7	29,875	23,434	27.5	28,126	6.2	
Torrent Pharma	29,220	26,600	9.8	28,590	2.2	9,199	8,250	11.5	9,040	1.8	4,942	3,860	28.0	4,570	8.1	
Zydus Lifesciences	53,416	43,688	22.3	62,075	-13.9	14,699	10,639	38.2	21,092	-30.3	9,887	7,195	37.4	14,451	-31.6	
Total	5,69,351	5,08,492	12.0	5,56,195	2.4	1,50,090	1,24,488	20.6	1,50,086	0.0	1,00,855	81,044	24.4	98,870	2.0	
Telecom																
Bharti Airtel	4,11,977	3,70,438	11.2	3,85,064	7.0	2,17,112	1,95,137	11.3	1,97,076	10.2	38,785	13,407	189.3	36,131	7.3	
Total	4,11,977	3,70,438	11.2	3,85,064	7.0	2,17,112	1,95,137	11.3	1,97,076	10.2	38,785	13,407	189.3	36,131	7.3	
Total (Rs bn)	19,239	18,326	5.0	19,293	-0.3	3,672	3,673	-0.0	3,666	0.2	2,006	2,140	-6.3	2,050	-2.2	

Source: Company, PL

PL Valuation

Sector / Company Name	Rating	Price (Rs)	TP (Rs)	Upside (%)	Mcap (Rs bn)	Revenues (Rs bn)				PAT (Rs bn)				EBITDA (Rs bn)				EPS (Rs)				BVPS (Rs)				RoE (%)				RoCE (%)				PER (x)				P/BV (x)				EV/EBITDA (x)					
						2024	2025	2026E	2027E	2024	2025	2026E	2027E	2024	2025	2026E	2027E	2024	2025	2026E	2027E	2024	2025	2026E	2027E	2024	2025	2026E	2027E	2024	2025	2026E	2027E	2024	2025	2026E	2027E	2024	2025	2026E	2027E						
Auto & Auto Ancillary																																															
Ashok Leyland	Acc	226	257	13.8	662.7	383.7	4218	4505.5	480.5	26.8	34.2	39.0	41.1	46.1	53.1	59.9	63.9	9.1	11.7	13.3	14.0	30.0	35.3	41.2	47.5	31.1	35.7	34.7	316	34.2	39.0	39.5	37.9	24.7	9.4	17.0	6.1	7.5	6.4	5.5	4.7	14.1	12.1	10.7	9.8		
Bharat Forge	Acc	1501	1639	9.2	698.9	56.8	819	208.0	228.9	8.8	17.3	21.9	25.8	25.6	34.2	41.2	46.2	18.9	37.2	47.1	55.4	84.0	21.2	25.0	29.4	30.8	31.2	13.3	20.4	20.3	79.3	40.4	319	27.1	8.2	7.1	6.0	5.1	28.4	21.3	17.7	16.6					
Bajaj Auto	HOLD	1183.2	1146	(5.8)	3,303.3	146.9	5316	5943	648.5	74.8	91.3	103.7	114.7	88.2	108.3	122.3	134.6	267.9	327.1	371.3	401.9	890.5	1052.6	1200.3	1439.8	29.7	33.7	32.4	30.7	32.9	37.3	36.1	34.1	44.2	36.2	319	28.8	13.3	11.2	9.6	8.2	34.9	28.4	25.0	22.5		
CEAT	HOLD	298.3	317	4.1	120.7	16.4	54.0	46.9	60.2	6.9	8.4	9.5	10.5	6.5	6.8	6.7	21.3	69.4	67.5	208.4	23.4	998.4	1519	1300.3	1490.7	18.3	15.7	17.1	16.3	19.8	18.1	19.9	20.2	17.6	17.8	14.3	2.7	3.0	2.6	2.3	2.0	8.4	8.2	6.8	6.2		
Divgi Torqtransfer Systems	HOLD	651	633	(2.8)	19.9	2.5	2.7	3.0	3.9	0.4	0.4	0.5	0.6	0.5	0.6	0.5	0.6	0.8	10.3	12.3	14.4	18.8	89.8	99.1	215	227.3	7.0	6.3	8.0	9.0	6.1	4.3	5.8	7.7	5.0	5.28	39.7	33.0	3.4	3.3	3.1	2.9	32.8	37.2	29.8	21.7	
Eicher Motors	BUY	4,698	5,416	15.3	1,286.3	165.4	166.8	212	231.4	40.0	48.4	54.8	61.7	43.3	51.0	58.3	65.4	46.1	176.9	200.2	225.4	69.1	77.6	90.1	104.15	24.2	24.7	23.9	23.2	22.3	22.4	22.0	21.4	32.1	26.6	23.5	20.8	7.1	6.1	5.2	4.5	4.2	2.7	2.27	19.4	16.8	
Endurance Technologies	Acc	2,330	2,569	10.2	327.8	102.4	13.1	145.5	169.2	6.8	9.1	11.9	14.9	13.3	16.9	20.8	25.2	48.4	56.0	84.7	106.6	353.9	406.9	475.6	561.2	14.5	17.1	19.2	20.4	16.0	18.1	21.8	23.4	48.2	35.8	27.5	22.1	6.6	5.7	4.9	4.2	24.3	19.0	15.2	12.5		
Exide Industries	HOLD	512	520	1.5	435.3	160.3	78.9	207.4	227.9	10.5	13.2	16.2	16.7	8.7	21.8	26.0	27.0	12.4	5.6	9.1	9.6	15.6	16.6	16.6	16.7	12.6	8.6	9.7	10.0	10.4	11.3	12.1	13.7	12.8	41.3	32.9	26.8	26.1	3.3	3.1	2.8	2.6	23.0	19.6	16.4	15.8	
Hero Motocorp	Acc	5,456	5,900	8.2	1,090.4	374.6	428.9	472.9	521.0	40.9	50.3	56.7	61.7	52.6	63.6	71.4	77.9	204.6	251.8	283.8	309.0	900.0	996.8	1165.4	1244.6	23.6	26.6	26.9	26.2	26.2	29.9	30.2	29.4	26.7	21.7	19.2	17.7	6.1	5.5	4.9	4.4	19.1	16.6	13.8	12.5		
Mahindra & Mahindra	BUY	3,384	3,458	8.3	3,830.7	987.6	1,04.8	1,310.8	1,504.2	17.2	27.4	40.3	59.9	126.7	168.9	191.4	222.6	89.4	106.3	117.0	133.3	435.9	517.2	608.2	714.5	22.4	22.3	20.8	20.2	18.0	21.7	20.8	20.4	35.7	30.1	27.3	24.0	7.3	6.2	5.3	4.5	29.3	22.2	19.3	16.6		
Mazda Suzuki	BUY	12,944	15,045	15.2	4,069.6	1,409.3	1,608.7	1,751.4	1,981.1	135.5	161.5	191.0	197.5	165.4	205.1	230.5	252.1	424.2	519.8	575.5	628.1	2,671.2	3,044.9	3,340.5	3,908.5	18.5	19.0	17.7	17.0	18.6	18.6	18.0	17.1	30.5	25.2	22.5	20.6	4.8	4.3	3.7	3.3	20.5	16.2	14.2	12.7		
Tata Motors	Acc	929	1,058	13.9	3,558.5	4,379.3	4,712.6	5,207.7	5,697.2	323.8	268.6	322.7	343.9	595.6	606.6	806.1	887.5	84.5	70.1	84.2	89.3	110.2	126.2	158.7	334.5	41.5	49.5	49.5	29.2	28.3	23.9	17.4	18.8	22.4	21.5	11.0	12.2	10.0	10.3	4.2	3.6	2.8	2.2	6.8	5.6	4.7	4.2
TVS Motor Company	HOLD	2,794	2,784	(0.3)	1,327.2	317.8	372.5	423.5	477.8	20.8	26.9	32.0	36.8	35.1	43.6	50.8	58.1	43.8	56.5	67.4	77.5	162.7	210.3	266.7	330.6	30.2	30.3	28.3	25.9	28.5	31.6	31.0	29.7	63.7	49.4	41.4	36.1	17.2	13.3	10.5	8.4	38.4	30.9	26.5	23.1		
Banks																																															
Axis Bank	BUY	1,184	1,425	20.3	3,655.2	498.9	554.5	615.0	699.5	248.6	263.1	301.6	350.3	371.2	416.3	476.2	556.7	80.5	85.1	97.8	113.4	489.4	578.1	675.4	788.4	18.0	18.0	18.0	18.0	18.0	17.0	17.0	17.0	14.7	13.9	12.1	10.4	2.4	2.0	1.8	1.5	-	-	-	-		
Bank of Baroda	BUY	246	300	21.9	1,274.0	447.2	484.5	532.3	595.9	177.9	174.3	191.5	200.1	309.7	307.9	331.2	364.6	34.4	33.7	35.1	38.6	207.1	242.4	270.5	302.1	17.8	15.0	13.7	12.0	12.0	10.0	10.0	10.0	7.2	7.3	7.0	6.4	12.0	10.0	9.0	8.0	-	-	-	-		
City Union Bank	Acc	154	185	20.1	114.1	21.2	22.9	25.1	28.3	10.2	10.9	11.8	12.8	15.2	15.5	17.0	18.7	13.7	14.7	15.9	17.2	11.4	12.0	10.7	10.5	12.8	12.2	11.9	11.6	15	14	14	14	11.2	10.5	9.7	8.9	1.4	1.2	1.1	1.0	-	-	-	-		
DCB Bank	BUY	186	180	(3.8)	53.0	37.2	19.3	21.6	25.4	29.6	5.4	6.2	6.5	7.8	8.6	9.6	11.4	13.6	13.9	14.6	20.9	15.2	17.1	19.1	21.6	21.5	11.8	12.1	11.3	12.2	0.9	0.9	0.8	0.8	6.9	6.0	5.7	4.7	0.8	0.7	0.6	0.5	-	-	-	-	
Federal Bank	BUY	86	210	14.1	452.2	82.9	98.5	116.7	136.0	37.2	41.2	48.4	55.3	51.7	61.1	71.3	84.7	15.3	16.8	19.7	22.6	19.4	16.2	15.0	14.0	14.6	14.7	13.2	13.6	13.7	13	12	12	11.2	10.0	9.4	8.2	1.6	1.4	1.2	1.1	-	-	-	-		
HDFC Bank	BUY	1,662	2,000	20.3	12,629.1	1,071.1	1,271.6	1,438.5	1,623.1	639.2	680.0	743.3	832.3	987.2	1,091.1	1,168.1	1,255.3	84.1	89.4	97.7	109.4	579.5	657.4	733.1	817.9	5.6	14.1	14.1	14.1	19	18	18	18	19.8	18.6	17.0	15.2	2.9	2.5	2.3	2.0	-	-	-	-		
ICICI Bank	BUY	1,244	1,520	22.2	8,733.6	743.1	821.3	925.3	1,064.9	408.9	447.8	497.9	579.2	581.3	647.8	725.0	847.5	58.2	63.6	70.7	82.3	335.0	396.3	455.1	523.4	19.9	17.4	16.6	16.8	2.4	2.2	2.1	2.2	21.4	19.5	17.6	15.1	3.7	3.1	2.7	2.4	-	-	-	-		
IndusInd Bank	BUY	1,356	1,750	29.0	1,055.7	206.2	230.0	263.9	303.9	89.5	96.4	115.6	131.1	17.4	17.0	20.6	22.9	15.0	13.7	14.5	18.3	80.0	92.1	104.0	119.3	5.3	14.4	14.8	15.0	18	17	18	18	18	11.0	9.3	8.1	1.7	1.5	1.3	1.1	-	-	-	-		
Kotak Mahindra Bank	BUY	1,876	2,25	20.3	3,729.5	259.9	287.4	326.9	368.3	178.1	104.1	127.7	168.8	195.9	229.6	270.0	309.5	78.3	70.5	76.8	89.9	486.5	586.0	660.5	748.1	15.3	13.1	13.2	12.8	2.5	2.2	2.1	2.0	27.1	26.6	24.4	20.9	3.9	3.2	2.8	2.5	-	-	-	-		
State Bank of India	BUY	797	960	20.4	7,118.8	1,598.8	1,729.5	1,913.1	2,139.6	663.4	651.2	662.9	743.0	938.0	1,022.0	1,056.1	1,186.9	74.3	73.0	74.3	83.2	391.8	458.4	519.3	589.2	20.4	17.2	16.2	15.0	11	10	0.9	0.9	10.7	10.9	10.7	9.6	2.0	1.7	1.5	1.4	-	-	-	-		
Building Materials																																															
Astral Ltd	BUY	1,899	2,214	16.6	511.0	56.4	66.6	81.8	96.5	5.5	6.8	9.2	11.0	9.2	11.1	13.9	16.4	20.3	25.2	34.0	40.9	121.5	144.5	176.3	214.9	17.5	19.0	21.2	20.9	23.7	25.6	28.6	28.3	93.6	75.4	55.8	46.5	5.6	5.1	4.6	4.1	8.8	55.1	45.2	36.4	29.5	
Cerium Plyboard (I)	HOLD	898	881	(1.9)	199.8	38.9	44.8	52.0	60.6	3.4	3.3	4.2	5.5	5.3	5.9	7.3	9.2	12.2	14.7	19.0	24.9	99.4	119	128.9	151.0	16.4	14.0	15.8	17.8	18.7	16.6	17.0	19.0	59.2	60.9	47.2	36.1	9.0	8.0	7.0	5.9	38.8	35.3	28.4	22.4		
Century Sanyawar	Acc	7,997	9,300	14.9	104.0	1.8	1.6	2.26	2.63	2.4	2.5	2.9	3.4	3.0	3.1	3.7	4.3	84.3	103.8	123.3	226.2	262.6	1034.8	1105.9	1285.9	1530.0	10.0	17.8	19.9	18.6	25.4	23.8	25.3	24.9	43.4	41.8	35.3	30.5	7.7	7.2	6.2	5.2	31.7	30.8	25.8	21.6	
Finolex Industries	HOLD	293	288</																																												

[illegible]

Sector / Company Name	Rating	Price (Rs)	TP (Rs)	Upside (%)	M cap (Rs bn)	Revenue (Rs bn)				PAT (Rs bn)				EBITDA (Rs bn)				EPS (Rs)				BVPS (Rs)				RoE (%)				RoCE (%)				PER (x)				P/BV (x)				EV/EBITDA (x)			
						2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
Pharma																																													
Aurobindo Pharma	Acc	1466	1525	4.0	858.9	290.0	316.2	342.5	368.1	35.5	39.7	44.6	48.7	58.4	68.3	75.8	81.8	60.6	67.7	76.2	83.2	509.3	568.9	636.9	711.9	12.5	12.6	12.6	12.3	12.7	13.9	14.3	14.2	24.2	216	19.2	17.6	2.9	2.6	2.3	2.1	14.7	12.5	11.1	10.0
Cipla	Acc	1619	1680	3.8	1307.0	257.7	274.8	301.3	320.2	41.2	47.4	52.0	52.3	62.9	68.4	74.7	74.2	51.1	58.7	64.4	64.8	330.8	377.5	428.8	478.1	16.5	16.6	16.0	14.3	20.4	19.8	19.2	16.7	31.7	27.6	25.1	25.0	4.9	4.3	3.8	3.4	20.7	18.7	16.7	15.5
Divi's Laboratories	Acc	5942	5,000	(5.8)	1574.7	78.5	91.1	104.7	120.5	16.0	20.9	25.9	30.9	22.1	28.5	35.1	41.9	60.4	78.9	97.6	116.7	512.1	559.0	623.6	707.2	12.1	14.7	15.5	17.5	13.9	17.3	19.5	20.8	98.4	75.3	60.9	50.9	116	10.6	9.5	8.4	69.6	53.9	43.5	36.3
Dr. Reddy's Laboratories	Reduce	6583	6,000	(8.9)	1098.1	279.2	308.6	335.6	334.5	55.7	56.2	60.0	45.3	78.4	82.2	88.0	68.7	333.8	336.6	359.8	271.7	1682.0	1961.1	2,251.9	2,454.6	218	18.5	17.1	115	23.3	20.5	19.1	12.2	19.7	19.6	18.3	24.2	3.9	3.4	2.9	2.7	12.2	12.3	11.1	13.7
Eris Lifesciences	BUY	1391	1250	(10.1)	189.1	20.1	30.1	33.7	38.0	3.9	3.8	5.4	7.4	6.7	10.6	12.2	14.0	28.8	27.9	39.8	54.6	190.2	218.1	250.9	298.5	16.4	13.7	17.0	19.9	118	14.1	16.9	20.5	48.3	49.8	35.0	25.5	7.3	6.4	5.5	4.7	30.0	20.0	16.9	14.1
Indoco Remedies	Acc	340	320	(6.0)	314	18.2	18.9	21.6	24.0	0.9	0.8	1.4	1.9	2.4	2.7	3.6	4.2	9.3	8.6	15.5	20.7	120.4	127.0	140.4	159.0	8.0	7.0	11.6	13.8	9.8	9.0	12.3	14.3	36.7	39.5	22.0	16.5	2.8	2.7	2.4	2.1	15.4	14.1	10.6	8.7
Ipca Laboratories	REDUCE	1590	1250	(21.4)	403.4	77.1	90.6	103.2	116.1	6.6	8.3	10.7	13.4	12.9	17.0	21.0	25.3	25.8	32.7	42.1	52.9	249.6	278.4	316.1	364.9	10.8	12.4	14.2	16.5	12.4	16.1	19.5	21.9	61.6	48.6	37.8	30.1	6.4	5.7	5.0	4.4	31.7	23.9	19.1	15.6
J.B. Chemicals & Pharmaceuticals	BUY	1819	2,100	15.9	281.3	34.8	40.4	45.7	51.8	5.5	7.0	8.7	10.4	9.0	10.8	12.8	15.1	35.6	45.0	56.0	67.1	186.4	218.4	259.3	311.4	20.5	22.1	23.4	23.5	24.0	27.0	29.2	29.5	50.9	40.3	32.4	27.0	9.6	8.3	7.0	5.8	31.2	25.5	21.0	17.3
Lupin	BUY	2,165	2,300	6.7	981.9	198.1	222.4	248.3	270.5	19.0	29.6	37.5	43.2	35.9	48.4	58.3	64.9	41.7	64.9	82.4	94.9	316.6	370.5	445.9	533.7	14.2	19.0	20.2	19.4	15.4	21.1	23.0	22.4	51.7	33.2	26.2	22.7	6.9	5.8	4.8	4.0	27.7	20.3	16.3	14.1
Sun Pharmaceutical Industries	BUY	1888	1885	(0.1)	4,529.3	485.0	533.6	595.4	659.4	95.8	107.2	129.1	153.1	129.9	144.1	169.8	197.9	418	44.7	53.8	63.8	265.4	293.6	331.1	377.4	16.0	16.0	17.2	18.0	16.2	17.0	18.7	20.0	45.1	42.3	35.1	29.6	7.1	6.4	5.7	5.0	34.3	30.8	25.7	21.6
Torrent Pharmaceuticals	Acc	3,443	3,300	(4.2)	1,163.8	107.3	119.5	135.4	152.0	16.6	20.0	26.2	31.8	33.7	38.4	44.7	51.3	46.4	59.1	77.5	94.2	202.8	226.8	269.2	316.6	24.0	27.5	31.3	32.2	23.0	28.2	34.3	38.8	74.2	58.3	44.4	36.6	17.0	15.2	12.8	10.9	35.4	30.9	26.1	22.5
Zydus Lifesciences	Acc	1057	1305	23.5	1063.3	195.5	228.3	243.3	250.0	38.4	52.2	52.5	46.5	53.0	71.0	70.8	63.2	38.1	51.9	52.2	46.2	197.1	243.0	289.1	329.3	20.5	23.6	19.6	15.0	23.1	27.7	23.0	17.5	27.7	20.4	20.2	22.9	5.4	4.4	3.7	3.2	20.0	14.5	14.1	15.3
Real Estate																																													
Sunteck Realty	BUY	563	700	24.2	82.5	5.6	15.9	19.5	NA	0.7	3.5	4.9	NA	12	4.6	6.4	NA	4.8	23.9	33.6	NA	219.3	235.6	267.2	NA	2.4	10.6	13.4	NA	3.1	12.3	15.4	NA	116.4	23.6	18.8	NA	2.6	2.4	2.1	NA	72.7	18.6	13.3	NA
Travel & Tourism																																													
Chalet Hotels	Acc	884	922	4.3	181.6	14.2	17.1	20.2	22.9	2.4	3.6	4.6	5.5	5.8	7.5	9.1	10.3	11.6	16.4	21.3	25.4	90.1	147.1	166.3	189.2	14.1	14.1	13.6	14.3	9.8	11.9	13.7	14.3	76.1	54.0	41.5	34.8	9.8	6.0	5.3	4.7	35.9	26.7	21.9	19.4
InterGlobe Aviation	Acc	4,665	5,177	11.0	1,800.6	689.0	784.6	935.7	1,063.1	81.7	91.7	99.4	98.4	173.9	200.7	217.3	251.1	211.7	237.6	257.4	254.9	51.7	289.3	546.7	801.6	-384.6	139.3	61.6	37.8	###	133.9	68.8	52.0	22.0	19.6	18.1	18.3	90.2	16.1	8.5	5.8	8.6	6.9	6.0	4.7
Indian Railway Catering and Tourism Corporation	REDUCE	883	822	(6.9)	706.1	42.7	48.3	52.6	56.8	11.7	12.9	13.8	14.9	14.7	16.4	17.9	19.5	14.6	16.2	17.3	18.6	40.4	49.6	59.4	69.8	41.0	35.9	31.8	28.8	49.4	43.4	38.7	35.6	60.4	54.6	51.0	47.4	21.9	17.8	14.9	12.6	46.6	41.3	37.6	34.1
Lemon Tree Hotels	BUY	125	159	26.9	99.2	10.7	13.0	14.6	15.8	1.5	2.2	3.0	3.6	5.2	6.7	7.7	8.4	1.9	2.8	3.8	4.5	12.2	14.9	18.3	22.4	16.3	20.9	22.8	22.1	15.1	18.8	22.9	25.4	66.8	44.2	33.1	27.9	10.3	8.4	6.8	5.6	22.4	16.9	14.0	12.3
Safari Industries (India)	BUY	2,655	3,005	13.2	129.4	15.5	18.0	22.8	27.5	1.8	2.0	2.7	3.3	2.8	3.1	4.1	4.9	36.1	40.1	55.0	66.8	168.9	206.0	257.8	321.4	28.1	21.4	23.7	23.1	29.4	23.1	25.8	25.7	73.6	66.2	48.3	39.8	15.7	12.9	10.3	8.3	45.8	41.3	30.9	25.1
V.I.P. Industries	HOLD	560	547	(2.4)	79.5	22.4	24.1	26.4	29.3	0.3	0.8	2.1	2.6	1.9	2.5	4.0	4.6	2.0	5.6	15.1	18.2	47.8	51.3	64.4	80.7	4.3	11.2	26.2	25.1	7.4	9.4	20.8	22.3	278.6	100.8	37.0	30.7	11.7	10.9	8.7	6.9	45.3	34.9	20.9	17.8
Telecom																																													
Bharti Airtel	Acc	1678	1831	9.1	9,530.6	1,499.8	1,697.5	1,965.2	2,148.6	112.8	198.3	274.4	304.9	782.9	888.7	1,041.6	1,138.8	19.9	34.9	48.3	53.7	144.4	170.3	218.6	272.3	14.1	22.2	24.8	21.9	12.9	14.0	16.2	16.4	84.5	48.1	34.7	31.3	11.6	9.9	7.7	6.2	14.7	12.5	10.7	9.5

Notes

Notes

PL's Recommendation Nomenclature

Buy	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I Mr. Amnish Aggarwal- MBA, CFA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of the report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com