



Risk reward evenly balanced

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October 10, 2023

Top Picks

Large Cap

ABB India
Avenue Supermarts
HDFC Bank
ICICI Bank
Maruti Suzuki
Reliance Industries
Siemens
State Bank of India

Mid / Small Caps

Can Fin Homes
Carborundum Universal
Chalet Hotels
Navin Fluorine International
Navneet Education
R R Kabel

Contra BUY

Crompton Greaves Consumer Electricals

Contra SELL

Deepak Nitrite
Divi's Laboratories

Exhibit 1: PL Model Portfolio v/s Nifty

Returns	Model Portfolio	Nifty	Perf.
Since Nov'18	92.23%	82.94%	9.29%
Since Last Report	1.72%	1.68%	0.04%
Since Apr'23	13.0%	11.2%	1.81%

Source: PL

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Risk reward evenly balanced

NIFTY has given just 1.2% return over the past 6 weeks post our cautious stance led by El Nino impact on crops and inflation, low chances of interest rate cut in India, expected increase in interest rates in USA and impending political uncertainty ahead of Lok Sabha elections in India. We believe that the headwinds have increased with recent spike in crude oil prices and rise in Geopolitical uncertainty due to conflict in Israel. Domestic economy is witnessing a clear demarcation with premium and luxury goods witnessing strong demand while basic demand being it due to high inflation. We believe all eyes rest on festive demand in coming couple of months for the market to sustain momentum. We remain positive on Auto, Banks, Capital goods, Hospitals, Discretionary consumption. Risk rewards seem evenly balanced with NIFTY PE discount at 16.7% to LPA while impending El Nino impact and 2024 elections are a key risk. We believe Stable Govt. post elections and continuation of economic policies can take markets to new heights.

We estimate 10.6% sales growth, 33.5% growth in EBIDTA and 44.7% growth in PBT of coverage universe. Ex oil & Gas we estimate 24.7% growth in EBIDTA and 25.9% in PBT. Auto, Oil and Gas, Metals, Building Material, Consumer durables and Hospitals will lead growth.

- 2Q24 will show impact of volatile monsoons, flash floods in July and delayed recovery in rural and consumer demand in a few segments. Demand scenario is mixed with strong demand from upper and upper middle class while lower class seems to be under some pressure. Volatile weather conditions and higher food inflation during the quarter has also impacted the sentiments. Discretionary spending on travel, tourism, Jewellery has been good while QSR, apparel, 2W have been impacted. PV continue to report strong numbers.
- Global commodities remain volatile across both agri and crude linked segments. Commodities in general seems to have bottomed out and impact of poor spatial distribution and El Nino is likely to impact the prices of several agri commodities including Palmoil in the coming months. Similarly, middle east fiasco is likely to increase volatility in oil prices in the coming periods.
- Travel, Auto, Media, Durables and capital goods will report strong growth in both sales and profitability. Agri, building materials and staples will show tepid growth. Oil and Gas and metals will show sharp improvement in profitability due to low base. Overall margin outlook remains positive with 310bps margin expansion, Agri, chemicals and Banks will report pressure on margins.
- NIFTY EEPS has seen an increase of 6.7/8.2% for FY24/25 with 19.4% EPS CAGR over FY23-25 with FY24/25 EPS of Rs1081/1231. Our EPS estimates are 0.7% higher for FY24 but lower by 1.2% in FY25 than Bloomberg consensus EPS estimates. We are also introducing FY26 Nifty EPS estimates at 1400.7 which shows 13.8% EPS growth.
- NIFTY is currently trading at 17x 1-year forward EPS, which is at 16.7 discount to 10-year average of 20.4x.

- **Base Case:** we value NIFTY at 15% discount (17.3x) to 10-year average PE (20.4x) with Sept 25 EPS of 1316 and arrive at 12-month target of 22819 (20735 based on 18.2x March 25 EPS of Rs1138 earlier). **Bull Case,** we value NIFTY at 7.5% discount to 10-year average and arrive at bull case target of 24833 (23563 at LPA PE). **Bear Case:** Bear case Nifty can trade at 25% discount to LPA (25% earlier) with a target of 20135 (17672 earlier).
- **Model Portfolio:** We remain overweight on Auto, Banks, IT services, capital Goods and Healthcare. We are Underweight on Metals, Cement, Consumer, Oil & Gas and Diversified Financials. Our Model portfolio has outperformed NIFTY by 929bps since inception, 181bps since April and 4bps since last 6 weeks. We are increasing weight on HDFC Bank, M&M, BAF while we are cutting weight on Britannia Inds. We are introducing Nestle India and JSPL in our model portfolio.
- **High Conviction Picks:** We are adding HDFC Bank, RR Kabel, Canfin Home, Navin Fluorine and ABB to conviction picks. We remove Safari Inds, Titan, Greenpanel and Gujarat Gas from high conviction picks. We are positive on Safari and TTAN in the long term, however the stocks offer limited scope of further re-rating.

Exhibit 2: El Nino and Elections are major Headwinds

Headwinds	Tailwinds
Poor spatial monsoons delaying rural demand recovery	India remains fastest growing economy
Elections and Govt. Stability given multiple state and general elections in 2024	Expected pickup in demand in festival season
Geopolitical uncertainties in Middle East	Pick up in Credit growth and strong Bank B/S
Strong US growth indicating further rise in interest rates	Capex revival with Infra push, PLI, China+1 and Digitization

Source: PL

US Interest rates can impact FII Inflows

US economy sustains Momentum: US growth continues to show positive momentum and possibility of a recession is now a fading as 1) The job market remained robust with the unemployment rate remaining at 3.8% for the second consecutive month in September and the labor market added 336,000 non-farm jobs 2) With annualized GDP growth for Q2 2023 rising to 2.1% from 2% in Q1 and the service sector remaining in expansionary zone, (Sept PMI at 50.1), hopes of fed successfully orchestrating a 'soft landing' have risen 3) US inflation outlook improved with core PCE index up 0.1% last month, the smallest rise since November 2020. 4) US retail sales momentum in Sept-23 moderated by 0.6% MoM.

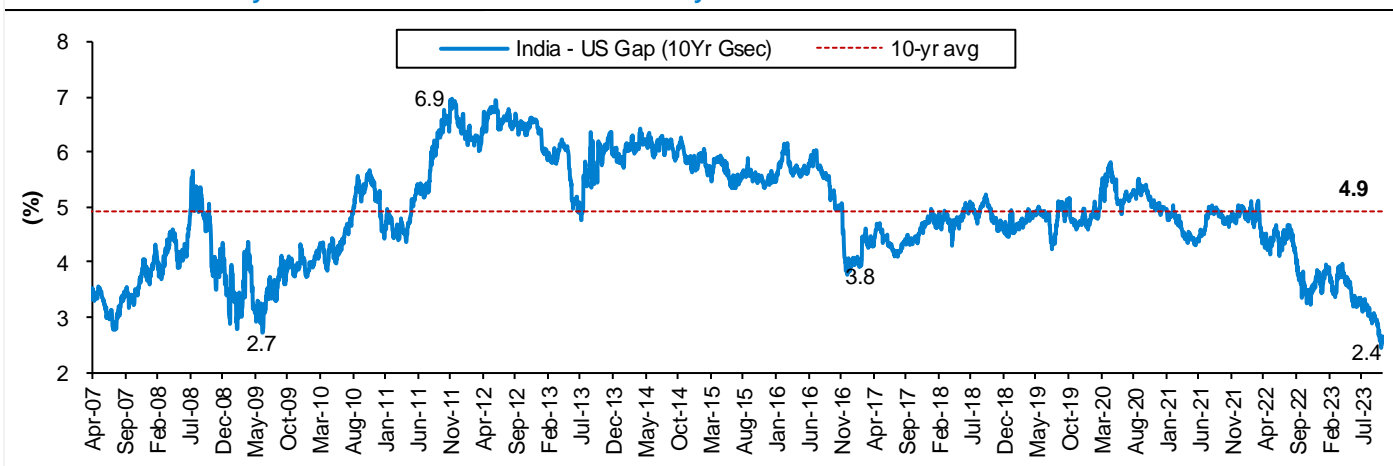
Further Hike in interest rate can't be ruled out - The Fed could still opt for one more round of final rate hike, thereby supporting the USD. US yields have surged to their highest since 2007, trading near 4.7%, driven by the 'higher for longer' monetary policy narrative. Near term rates are trending between 5-5.5%.

Global FII flows can remain tepid - Although India remains as the fastest growing economy amongst large ones, confluence of 1) higher interest rates in USA 2) rising geopolitical uncertainty given Israel war 3) firm crude prices amidst rising uncertainty in middle east can impact the FII flows to emerging markets.

Long term outlook positive; near term impact on FII flows likely - This global scenario has prompted foreign institutional investors to adopt a cautious stance on India, resulting in them being net sellers for the second consecutive month.

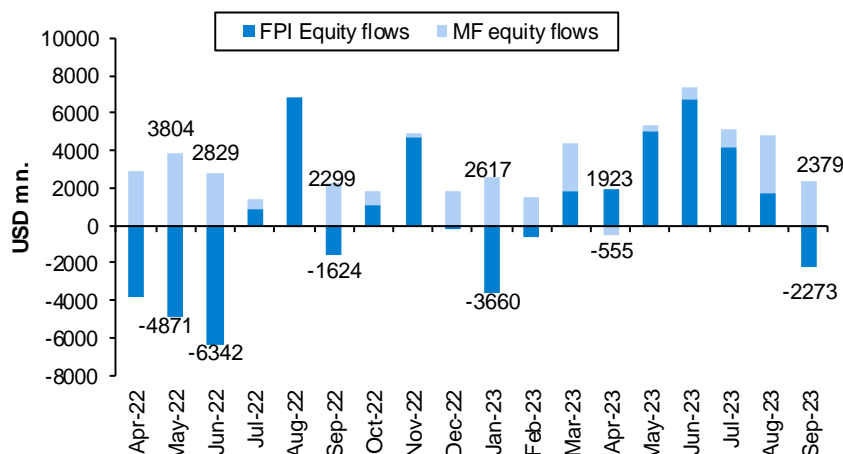
- India had FII outflows in 5 years out of last 20 years. Maximum outflow at USD 23bn was reported in FY22 and FY23.
- We note that India witnessed strong FII inflows along with other emerging markets from April 23. It peaked out in June23 and it has now turned negative from Sept23.
- We believe Gap between INR and USD treasury rates suggest that the gap between the two could reduce further which can accelerate outflows.
- India is also heading for state and general elections over next 6-8 months which could increase political uncertainty and impact the FII inflows.

Exhibit 3: US Treasury and Indian G-sec differential at multi year low



Source: RBI, Bloomberg, PL

Exhibit 4: Net outflow of FPI is matched with net inflow of MF in Sep'23



Source: Company, PL

EL Nino impact visible in select agri prices

India has seen 6% deficiency in rainfall in 2023. Monsoons were 16% deficient by the end of June, 13% surplus in July and August curtailed 36% lower rainfall impact of August. Dispersion of rainfall has been poor with 18% deficit in Northeast and 8% in south Peninsula. Gujarat, Rajasthan, Telangana and Himachal had more than 10% surplus rainfall. Kerala (34%), Jharkhand (26%), Bihar (23%), Karnataka (18%) and Assam (20%) had significant deficit. Cumulative seasonal rainfall has been deficient in 7 subdivisions which includes NNMT (Nagaland, Manipur, Mizoram, Tripura) and Gingatic West Bengal in addition to above states.

Exhibit 5: Rainfall as on 27th September 2023: Monsoon deficit at 6%, seven subdivisions have deficient rainfall

Period ending	% Deviation from Normal				
	Country as a whole	Northwest India	Central India	South Peninsula	Northeast & East India
31-May-23	22.0	337.0	13.0	(24.0)	(45.0)
28-Jun-23	(16.0)	42.0	(17.0)	(45.0)	(21.0)
19-July-23	2.0	46.0	8.0	(19.0)	(19.0)
02-Aug-23	4.0	26.0	13.0	2.0	(24.0)
23-Aug-23	(7.0)	8.0	(4.0)	(15.0)	(19.0)
30-Aug-23	(9.0)	4.0	(10.0)	(17.0)	(16.0)
6-Sept-23	(11.0)	(2.0)	(12.0)	(11.0)	(19.0)
13- Sept-23	(10.0)	(1.0)	(9.0)	(10.0)	(19.0)
27- Sept- 23	(6.0)	1.0	0.0	(9.0)	(18.0)

Source: IMD, PL

Exhibit 6: Water Reservoir down 18% YoY; south India hit badly

Reservoir levels	Current Year	Last Year	Avg. of last 10 years
All India	73%	89%	77%
North India	85%	90%	80%
East India	73%	74%	73%
West India	87%	97%	76%
Central India	84%	86%	82%
South India	48%	92%	72%

Source: CWC, PL

Exhibit 7: 80% EL- Nino occasions since 2000 lowered rainfall & crop output

EI Nino Years	Rainfall (% deviation from normal)	Rabi crop production (YoY%)	Kharif crop production (YoY%)
2002-03	-21.4	-13.1	-22
2004-05	-4.5	-1.2	-11.7
2006-07	0.5	8	0.67
2009-10	-15.9	-1.9	-12
Oct'14-Apr'16*	-14.8	-9	-2.3

Source: IMD, FCI, PL

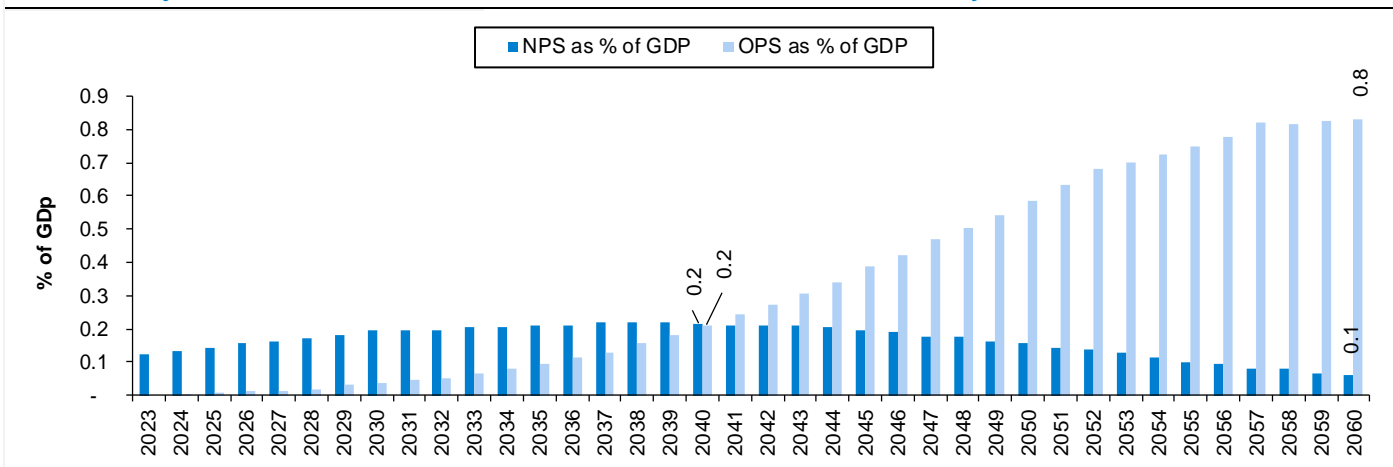
we believe that poor spatial distribution of monsoons and lower acreage will result in lower output of oilseeds, pulses etc. we expect firm prices of key agricultural products in coming months. We note that sugar prices are at life time high, wheat prices are up 15% from April lows and El Nino can inflate prices of Palmoil in Malaysia and Indonesia and could result in spike in edible oil prices.

Elections Freebies – Old Pension scheme

Election freebies started with free electricity up to 200 units in Delhi, Rs2000 to women got added in Punjab, Old pension scheme was added in Himachal and unemployment allowance has been added in Karnataka. The list goes on and on with free mobiles and coaching etc. getting added to it. In the run upto elections we shall analyze some of these aspects.

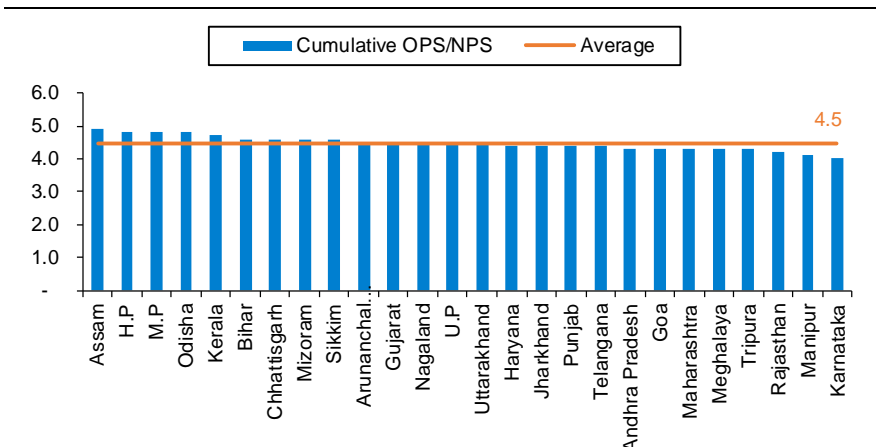
- India always had defined benefit plan which was discontinued by UPA and entire nation including states shifted to New pension scheme which was a defined contribution plan which limits the contribution of state exchequer for fulfilling the pension liabilities of government employees.
- Old pension scheme has now become an election issue and has been implemented in Panjab, Himachal Pradesh, Karnataka and I.N.D.I.A alliance has plans to extend it to more states and entire country in future.
- RBI estimates that outlay under old pension scheme will be 4.5x the current outlay. Although it is unlikely to hit the state finances immediately, it has the potential to impact GDP of country by 0.8%.

Exhibit 8: Projection of OPS and NPS; OPS is estimated to reach 0.8% of GDP in the year 2060



Source: RBI, PL, *Based on the nominal GDP growth rate of 10% annually

Exhibit 9: OPS burden on all states can reach to 4.5x than NPS



Source: RBI, PL, *estimated for the period FY23 to FY84

Exhibit 10: Freebies on the rise – expect trend to catch up further

<i>Election date</i> <i>Winning Party</i>	Telangana Dec'18 TRS	Karnataka May'23 INC	Delhi Feb'20 AAP	Tripura Feb'23 BJP	Punjab Mar'22 AAP	Assam Mar'21 BJP	Gujarat Dec'22 BJP	H.P Dec'22 INC
Electricity	24 Hr Free power for Agriculture	Free 200 unit (all household)	Free 200 unit (all household)		Free 200 unit			Free 300 units (all household)
Food		10 kg food grains (BPL family)		Meals at Rs 5	Meals at Rs 5			
Loan Waiver					Loans of Poor farmers, SCs and BCs will be waived off			
Financial	Rs 5 lakh Compensation to the family, if a farmer dies in an age gap between 18 and 59. Rs 1 Lakh for the marriage. Pension of Rs 2016 to Rs 3016/month.	Rs 3000 - Unemployed graduates Rs 1500 - Unemployed diploma holders Rs 2000 - Women head of the family (per month)		Rs 50,000 - to family on birth of a girl child. Scooty & Smartphone - 50,000 Meritorious college going students. Rs 3000 - Landless Farmers (per year).	Pension - increased from Rs 500 to Rs 2500 for Old aged, Handicapped and widowed.	Rs 3000 - All women (per month)	Free electric scooters - Meritorious female students	Rs 1500 - All women (per month)
Rural development	100% Paddy procurement. Free fish seed with 100% Subsidy.				Free medicines, treatment and diagnostic tests in every village through 'Pind Sehat Clinics' and Mohalla clinics in towns.		Ensuring pucca houses	Free medical treatment in every village through mobile clinics.
Transportation		Free bus ride through out the state (all women)	Free bus ride scheme (students and women)				Free bus travel through out the state (Female senior citizens)	
Household (Water/Gas/houses)			20000L free water (all household)	2 free LPG cylinders to the beneficiaries of PM Ujjwala Yojana.				
Education			World class education facility (for every child)			Free education (for every child) and free bicycles (class 8 and above students)	Free education to all female students (Kindergarden to post graduation).	
Healthcare			Holistic healthcare facilities through mohalla clinics and state-of-the-art hospitals (Every family)		Rs 5 lakh cashless health insurance scheme for treatment in private hospitals.			

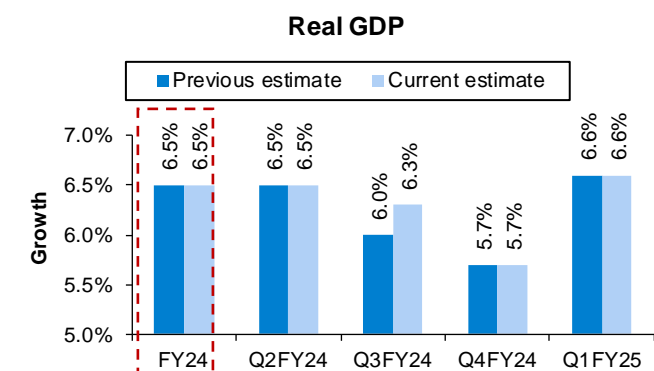
Source: Company, PL, List is not exhaustive and there could be more such items in other states too

RBI Maintains Repo; OMO given Inflationary pressures

- The RBI retained the **repo rate at 6.50%** in its Oct-23 policy meeting, upholding the "withdrawal of accommodation" stance, marking the fourth consecutive policy of no rate action since Feb-23. The MPC is likely to remain on a prolonged pause, at least until Q1 FY25.
- The RBI's decision to employ OMO sales to manage liquidity surplus introduced a hawkish nuance to the policy. This has led to gradual increase in 10Y bond yield from 7.1-7.15% to ~7.35%.
- The liquidity scenario, shaped by factors like the reversal of ICRR and increased government spending, is expected to be balanced out by factors like heightened currency demand during festive seasons and potential RBI interventions in the FX market.
- **Inflation remains a key risk** - RBI's GDP growth estimate remains at 6.5%, with the CPI projection unchanged at 5.4%. Quarterly data shows GDP for Q3FY24 adjusted from 6.0% to 6.3%. CPI for FY24 stands at 5.4%, with Q2FY24 revised upwards from 6.2% to 6.4% and Q3FY24 from 5.7% to 5.6%.
 - CPI in Aug-23 moderated slightly more than expected to 6.83%YoY from a 15-month high of 7.44% in Jul23. CPI fell by 0.05% MoM, mainly driven by drop in prices of Vegetables, Egg, Meat & Fish and Tomatoes (with a ~22% MoM fall). Nevertheless, limiting the decline in overall food inflation was price pressure seen from Cereals and Pulses, which remain on watch in the near term. vegetable prices. Inflation expectations remain above pre Covid levels, with several upside risks warranting attention.
 - The OPEC+ resolution to persist with production cuts is exerting upward pressure on **crude oil prices**.
 - **Global commodity prices**, particularly food, are escalating due to the termination of the Ukraine grain deal and India's rice export ban. El Nino threatens global food production, intensifying these price surges.
 - Domestically, despite the government's administrative interventions like open market sales and stockholding limits, the persistent price strains in cereals and pulses remain concerning.
 - The erratic monsoon patterns further cloud the outlook, impacting Kharif crop yields and Rabi sowing.
- **4 Impediments to growth** – Despite RBI's projections of GDP at 6.5% for FY24, we identify four pivotal factors that could influence growth estimates.
 - Firstly, the impending global slowdown, although slightly deferred, could have negative repercussions on our economy.
 - Secondly, the diminishing pent-up demand, particularly in services, might act as a drag.
 - Thirdly, the residual effects of domestic monetary tightening could potentially dampen leveraged urban demand, especially for goods.

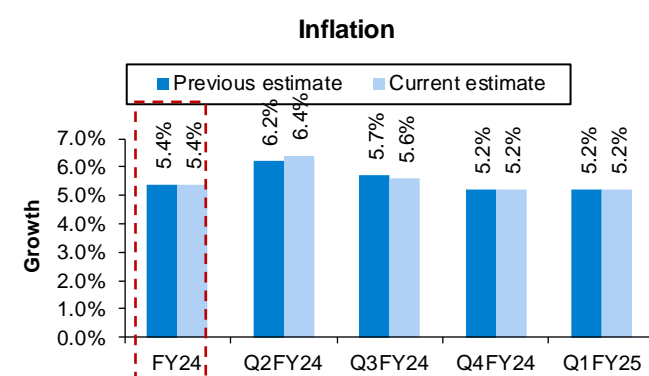
- Lastly, the looming El Nino poses heightened weather risks, threatening not just the Southwest monsoon but also the winter rainfall, which could impact agricultural output and overall economic momentum.

Exhibit 11: Slight uptick in Q3FY24 estimate to 6.3%



Source: RBI, PL

Exhibit 12: FY24 Inflation estimate remain unchanged at 5.4%



Source: RBI, PL

State Finance: Will the capex push continue in FY24?

- State Economic Projections:** Analysis of the budgets for 21 states, which contribute 93% to India's GDP, indicates an average GDP growth estimate of 10.9%, which is higher than the 10.5% projected in the FY24 Union Budget.
- State capex rising:** State revenue receipts for FY24 are projected to grow by 10.4% over FY23RE, reaching Rs 53.6trn. On the expenditure side, capital spending has seen a significant rise with improving quality as capital to revenue expenditure ratio, is at 6 years high of 21.7% for FY24BE.
- Fiscal Health and Borrowing:** The fiscal deficit for these states is expected to be 3.2% of GSDP in FY24BE, showing a consolidation from 3.5% in FY23RE. Market loans are anticipated to fund about 77.2% of this deficit, with gross borrowings projected to increase by 10.3% to Rs 9.3trn in FY24BE.
- Central Government's Role:** The central government continues to prioritize capital expenditure (capex) over revenue expenditure. However, there are concerns about potential overshoots in subsidy payments due to factors like higher oil prices and fertilizer costs. While central gross tax collections have been subdued, non-tax revenue has been bolstered by factors like higher surplus transfers from the RBI and robust dividend payouts from PSUs. However, divestment remains slow, indicating a need for acceleration.

India's Industrial activity outlook remains mixed

- IIP Performance:** India's Industrial Production Index (IIP) surged to a 5-month high of 5.7% in Jul-23, outperforming market expectations. However, on a sequential basis, it contracted by 1.0% in Jul-23.
- Sectoral Breakdown:** Mining showcased a robust 14-month high growth of 10.7%YoY in Jul-23. Electricity production also saw a healthy expansion of

8.0%YoY, marking a 5-month high. Manufacturing growth improved to 4.6%YoY in Jul-23, with 15 of 23 industries showing growth improvement.

- **Consumer Dynamics:** Consumer durables continued to face challenges, contracting at 2.7% in Jul-23. This trend underscores subdued demand, especially from rural areas, and the impact of higher interest rates in urban India. Infrastructure & Construction sub-sector witnessed a strong annualized growth of 11.4%, supported by the government's capital expenditure push.
- **Government's Capital Expenditure:** The government's capital expenditure has been a significant driver of domestic economic activity. Investments by the center and states have grown by approximately 50%YoY during Apr-Jul FY24, a trend expected to persist in the upcoming quarters.

Future Outlook: Consumption, especially of goods, might face headwinds due to factors like the complete pass-through of past rate hikes and uncertainties related to El Nino. However, the festive season and fiscal spending ahead of key elections might provide some cushion. The external sector might not offer significant support, given the expected slowdown in global merchandise trade. Additionally, the advantage from lower input costs might diminish due to recent surges in commodity prices, especially crude oil.

Nifty Valuation

	Weight-age (%)	FY23	FY24E	FY25E	FY26E
Banking & Fin.	35.8				
PER (x)		20.7	18.8	16.6	14.2
PAT Growth (%)		46.7	10.4	13.2	16.8
Technology	14.2				
PER (x)		27.3	25.5	22.5	20.3
PAT Growth (%)		6.3	7.0	13.3	10.9
Oil & Gas	10.3				
PER (x)		18.4	12.3	13.1	12.3
PAT Growth (%)		(18.0)	49.8	(6.0)	6.8
Consumer	12.6				
PER (x)		51.4	45.5	40.9	37.0
PAT Growth (%)		22.8	13.0	11.2	10.4
Auto	6.1				
PER (x)		36.6	18.7	16.2	14.9
PAT Growth (%)		292.7	95.5	15.9	8.6
Eng. & Power	6.7				
PER (x)		19.9	17.7	15.9	14.9
PAT Growth (%)		0.6	12.3	11.2	6.9
Pharma	4.1				
PER (x)		33.6	30.3	25.7	22.6
PAT Growth (%)		53.5	11.0	17.6	13.8
Metals	3.6				
PER (x)		12.6	11.9	9.1	8.4
PAT Growth (%)		(45.6)	5.6	30.4	8.3
Telecom	2.7				
PER (x)		66.5	56.8	25.2	16.8
PAT Growth (%)		93.6	17.1	125.7	49.5

Source: Company Data, PL

Note: Sector Weightages are updated as on October 10, 2023

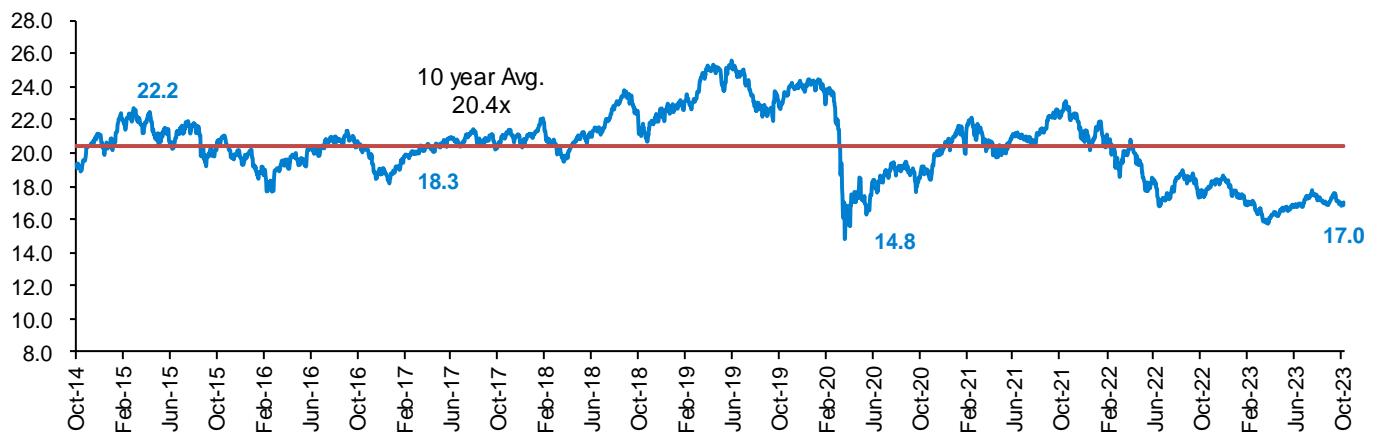
	Weight-age (%)	FY23	FY24E	FY25E	FY26E
Cement	1.1				
PER (x)		46.5	30.7	25.7	23.1
PAT Growth (%)		(31.0)	51.6	19.4	11.4
Others	0.8				
PER (x)		18.4	16.2	14.7	11.8
PAT Growth (%)		(9.6)	13.6	10.1	24.8
Ports & Logistics	0.7				
PER (x)		33.3	21.7	18.0	15.3
PAT Growth (%)		8.7	53.3	20.4	18.3
Agro Chemicals	0.4				
PER (x)		12.6	12.0	9.5	8.4
PAT Growth (%)		(4.7)	5.4	25.6	12.8

Nifty as on Oct 10	19,690				
EPS (Rs) - Free Float	865.4	1,080.9	1,231.3	1,400.7	
Growth (%)	13.4	24.9	13.9	13.8	
PER (x)	22.8	18.2	16.0	14.1	
EPS (Rs) - Free Float - Nifty Cons.	865.4	1,073.0	1,246.7	1,416.0	
Var. (PL e v/s Cons.) (%)	-	0.7	(1.2)	(1.1)	
Sensex as on Oct 10	66,079				
EPS (Rs) - Free Float	2,744.0	3,274.2	3,824.0	4,388.9	
Growth (%)	14.8	19.3	16.8	14.8	
PER (x)	24.1	20.2	17.3	15.1	
EPS (Rs) - Free Float - Sensex Cons.	2,744.0	3,375.3	3,977.0	4,548.7	
Var. (PL e v/s Cons.) (%)	-	(3.0)	(3.8)	(3.5)	

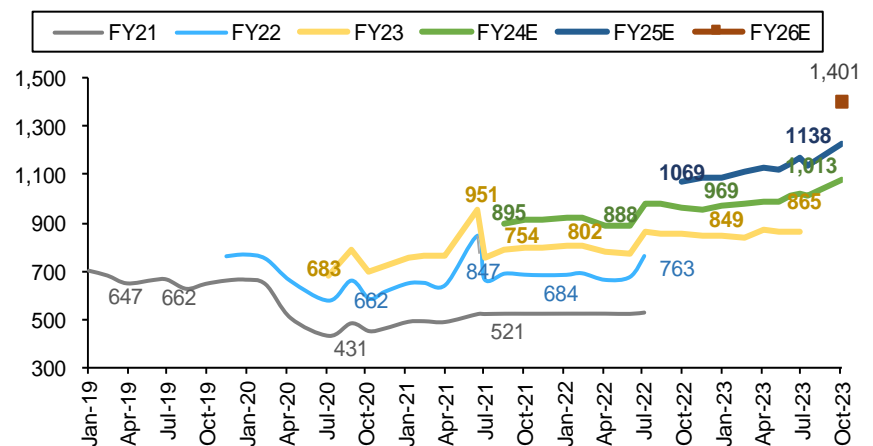
Exhibit 13: NIFTY EPS to be driven by BFSI, Auto and Eng. and Power

	PL Estimate						% Gr.				
	2021	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
Agro Chemicals	5.3	6.2	6.1	6.8	8.5	9.6	16.9%	-2.1%	12.2%	25.6%	12.8%
Auto	21.8	9.7	37.3	76.9	88.7	96.3	-55.6%	285.3%	106.3%	15.3%	8.5%
BFSI	208.4	258.4	370.8	432.8	494.7	582.6	24.0%	43.5%	16.7%	14.3%	17.8%
Cement	5.6	7.0	4.9	8.0	9.5	10.6	23.8%	-29.2%	61.3%	19.4%	11.4%
Consumer	42.7	44.6	56.7	68.1	75.6	83.3	4.6%	27.1%	20.1%	10.9%	10.3%
Eng. & Power	45.2	56.9	60.3	73.3	82.3	89.0	25.7%	6.0%	21.6%	12.3%	8.1%
Healthcare	13.7	16.6	25.6	30.2	35.4	40.1	20.5%	54.6%	18.2%	17.1%	13.2%
Metals	44.0	118.7	58.6	63.4	88.2	96.0	169.9%	-50.7%	8.2%	39.1%	8.9%
Oil & Gas	102.7	123.1	108.2	165.3	157.7	169.0	19.9%	-12.1%	52.7%	-4.6%	7.2%
Others	6.9	10.6	11.1	11.3	12.4	15.5	53.1%	4.7%	1.8%	10.1%	24.8%
Ports & Logistics	4.8	4.3	4.8	7.8	9.4	11.1	-9.9%	11.6%	63.2%	20.4%	18.3%
Technology	95.3	102.3	111.8	125.5	143.1	159.0	7.4%	9.3%	12.3%	14.0%	11.2%
Telecom	-69.5	4.6	9.2	11.4	25.8	38.5	-106.6%	98.9%	24.6%	125.7%	49.5%
Nifty	527.0	762.9	865.4	1,080.9	1,231.3	1,400.7	44.8%	13.4%	24.9%	13.9%	13.8%

Source: PL

Exhibit 14: Nifty 1-year forward PE, 16.7% discount to 10-year average


Source: PL

Exhibit 15: NIFTY EPS trend – last 2 years buck the trend of downgrades


Source: PL

Exhibit 16: Model Portfolio v/s Nifty

Returns	Model Portfolio	Nifty	Perf.
Since Nov'18	92.23%	82.94%	9.29%
Since Last Report	1.72%	1.68%	0.04%
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Source: PL

Model Portfolio

Sectors	Mcap (Rs bn)	Nifty Weightage (%)	PL Weightage (%)	Weights
Automobiles		6.1	6.5	Overweight
Ashok Leyland	510		1.2	
Mahindra & Mahindra	1,912	1.6	1.8	
Maruti Suzuki	3,134	1.6	1.8	
Tata Motors	2,307	1.3	1.7	
Banks		30.9	32.8	Overweight
Axis Bank	3,120	3.2	3.3	
HDFC Bank	11,561	13.3	14.0	
ICICI Bank	6,662	7.7	9.5	
Kotak Mahindra Bank	3,490	3.0	3.0	
State Bank Of India	5,280	2.6	3.0	
Cement		1.1	0.5	Underweight
UltraTech Cement	2,355	1.1	0.5	
Construction & Engineering		6.7	11.0	Overweight
ABB	888		3.0	
Bharat Electronics	1,023		1.0	
Carborandum Universal	218		1.0	
Larsen & Toubro	4,324	4.3	3.0	
Siemens	1,279		3.0	
Consumer		12.6	11.5	Underweight
Britannia Industries	1,091	0.6	1.0	
Avenue Supermarts	2,469		2.0	
Hindustan Unilever	5,912	2.6	2.5	
ITC	5,542	4.6	2.0	
Nestle India	2,218	1.0	1.5	
Titan Company	2,902	1.6	2.5	
Healthcare		4.1	5.2	Overweight
Apollo Hospitals Enterprises	728	0.6	1.0	
Cipla	932	0.7	0.7	
Max Healthcare	539.23		2.0	
Sun Pharmaceutical Industries	2,703	1.4	1.5	
IT		14.2	14.5	Overweight
Infosys	6,205	6.2	5.9	
Larsen & Toubro Infotech	1,558.39	0.7	1.3	
L&T Technology	506		1.8	
Tata Consultancy Services	13,278	4.4	5.5	
Metals		3.6	2.0	Underweight
Hindalco Industries	1,080	0.8	0.8	
Jindal Steel & Power	707		0.7	
Tata Steel	1,531	1.2	0.5	
Diversified Financials		5.0	4.6	Underweight
Bajaj Finance	4,898	2.5	2.5	
HDFC AMC	590		1.1	
HDFC Life Insurance	1,336	0.8	1.0	
Oil & Gas		10.3	9.4	Underweight
Reliance Industries	15,619	9.1	9.4	
Telecom		2.7	2.0	Underweight
Bharti Airtel	5,546	-	2.0	
Others		2.9	-	NA
Cash			-	

PL Model Portfolio has outperformed NIFTY by 9.29% since Nov 2018, 1.81% since April 23 and by 0.4% since last strategy report

- **Banks: Overweight:** We retain overweight on Banks given strong credit growth, pick up in deposit growth and improving asset quality. Long-term looks good even as NIM compression will curtail FY24 PAT growth. We increase weight on HDFC Bank given merger with HDFC Ltd and attractive valuations. We also remain positive on ICICI bank and SBI with strong overweight.
- **Diversified financials:** We remain underweight on NBFC with equal weight on BAF. We remain positive on insurance with overweight on HDFC Life and HDFC AMC in model portfolio.
- **Healthcare: Over weight:** We retain over weight on Healthcare with overweight on Sun Pharma in Pharma segment. We cut weight on Max Healthcare by 30bps even as we remain positive on benefits of brownfield expansion and automation. We remain equal weight on Cipla given uncertainty regarding promoter stake.
- **IT services: Overweight:** we retain weightage on IT. Although there are near term headwinds, resilient global economy suggests gradual recovery from 2HFY24. We believe emerging segments like EDS, ERP, Data Analytics, Digital, Artificial intelligence and supply chain etc. will drive growth.
- **Automobiles: Overweight:** We cut overweight on auto to 40bps even as the sector continues to gain from cyclic recovery and benign input costs. We tinker with weights on TAMO and Ashok Leyland while we increase weight on M&M. we believe strong market growth and success of new launches in SUV will continue to power growth for M&M.
- **Consumer: underweight:** We remain underweight on consumer by 110 bps. We expect increase in prices of key agri inputs in coming few months and reduce weight on Britannia. We include Nestle in model portfolio as we expect the company to gain from huge under penetration of products and capex program. We remain structurally positive on TTAN and Avenue supermarkets given strong growth prospects in Food and Grocery Retail (D'mart), Jewellery (TTAN) and expect pickup in growth from 2H24.
- **Metals –** we retain underweight on metals with equal weight on Hindalco. We expect the sector to gain in near term due to benign inputs and steady prices.
- **Capital Goods – Overweight:** We remain overweight on capital goods given strong growth visibility over next 3-5 years with no changes in our model portfolio.
- **Oil and Gas:** Underweight; we remain underweight and retain allocation on Reliance only in this universe given strong refining margins and sustained traction in Telecom and Retail businesses.
- **Telecom:** we retain Bharti Airtel in our model portfolio being a structural play on rising data usage in Ecom, Infotainment etc. and expect sustained growth in coming years

Conviction Picks Changes

We are adding HDFC Bank, Can Fin Homes, ABB India, RR Kabel and Navin Fluorine in high conviction picks. We are removing Titan Company, Gujarat Gas, Green Panel Industries and Safari Industries from high conviction list.

HDFC Bank (HDFCB IN): Transition to IRAC would impact BVPS by 5% while gains from stake sale of Credila could cushion capital by 1.2%. Despite this harmonization impact, post-merger CET-1 would remain at comfortable levels of ~17%. Creation of excess liquidity would affect NIM for FY24 by 19bps YoY to 3.6% although margins should bounce back in FY24/25E as higher cost liabilities of HDFC Ltd. are replaced and credit growth picks up. Hence NIM could enhance over FY24-26E from 3.6% to 3.8%. While core earnings growth would be muted for FY24E (3.5% YoY) but core PAT may witness a healthy 20.7% CAGR over FY24-26E. Stock is attractively priced at 2.05x on Sep'25 core ABV and we have assigned a 2.8x multiple. Retain BUY with TP at Rs2,025.

Can Fin Homes (CANF IN): Canfin is tightening processes to ensure any lapses are not repeated, which may take 1-2 quarters to execute. However, loan growth would not be impacted. While near term investor concern is another irregularity cropping up, basis current findings we see probability of that. Stock could remain range bound until investors derive confidence from consistency in earnings. However, we remain optimistic about Canfin as Mr. Iyer is taking the right steps to ensure structural issues are ironed out. We envisage a 16.7% earnings CAGR over FY24-26E with RoA of 2.0%. Stock is valued at 1.9x on Sep'25 ABV and we have assigned a 2.2x multiple. Retain BUY with TP at Rs900.

ABB India (ABB IN): We remain positive on ABB given 1) increasing traction for energy efficient products, 2) changing customer preference towards value added products, 3) diversified business model, 4) focus on high growth segments (Electronics, Data center etc), 4) strong order pipeline 5) organic/inorganic growth. We expect Revenue/PAT CAGR of 19.8%/26.5% from CY22-25E. We have 'Accumulate' rating on stock with TP of Rs5,013 valuing it at PE of 68x CY25E.

RR Kabel (RRKABEL IN): RR Kabel is strategically positioned to capitalize on opportunities in W&C segment, given 1) strong brand with diverse product portfolio 2) well-structured capacity expansion plans, 3) increasing dealers /distribution network and 4) distribution led export business. In FMEG, too, the company has enhanced its brand presence, positioning and manufacturing capabilities to minimize losses. We estimate Revenue/EBITDA/PAT CAGR of 20.7%/38.8%/44.3% over FY23-26 led by 1) improving business mix 2) operating leverage & cost optimization 3) investments in brand building and 4) increasing distribution reach. Maintain a 'BUY' rating with a TP of Rs1,624 (35x Sep'25 EPS).

Navin Fluorine (NFIL IN): Company adding Rs5.4bn dedicated agrochem plant by Dec'23 which would aid earnings. It is completing cGMP4 by CY24 end which would allow it to service larger quantities. Stock is trading at ~32x FY25 EPS. We reiterate our positive stand on the company.



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)*	
						2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Large Cap																	
ABB India	4,193	5,013	19.6%	888.4	10,669	21.1	20.8	47.5	24.0	21.5	23.0	24.0	25.8	78.0	62.9	15.7	13.5
Avenue Supermarts	3,794	4,576	20.6%	2,459.4	29,535	21.4	23.4	10.5	28.6	15.1	16.6	20.0	21.9	93.6	72.8	13.1	11.1
HDFC Bank	1,525	2,025	32.8%	11,435.7	1,37,333	9.0	19.3	6.5	18.6	14.8	15.6	1.7	1.8	19.1	16.1	2.7	2.4
ICICI Bank	951	1,180	24.1%	6,656.2	79,935	15.5	11.1	13.3	12.1	16.8	16.4	2.1	2.0	18.4	16.4	2.9	2.6
Maruti Suzuki	10,375	11,500	10.8%	3,133.3	37,628	20.1	10.6	37.2	19.5	17.2	18.1	18.4	20.3	28.4	23.7	4.6	4.0
Reliance Industries	2,308	2,913	26.2%	15,618.6	1,87,566	8.5	11.4	8.5	11.2	8.5	8.7	9.7	10.1	21.6	19.4	1.8	1.6
Siemens	3,591	4,241	18.1%	1,278.4	15,353	20.3	7.5	53.0	9.9	15.7	15.4	18.0	17.4	66.2	60.3	9.8	8.8
State Bank of India	592	770	30.1%	5,280.2	63,411	10.4	7.6	11.4	2.3	17.3	15.4	1.0	0.9	9.3	9.1	1.6	1.4
Mid / Small Caps																	
Can Fin Homes	759	900	18.6%	101.1	1,214	22.1	13.0	15.4	16.8	18.0	17.8	2.0	2.0	14.1	12.1	2.3	2.0
Carborundum Universal	1,150	1,482	28.9%	218.3	2,622	10.1	17.1	23.0	31.2	16.1	18.2	17.8	20.4	44.9	34.2	6.7	5.8
Chalet Hotels	600	656	9.4%	122.9	1,476	35.2	14.7	97.5	28.1	16.3	17.6	10.5	12.3	44.1	34.4	6.6	5.6
Navin Fluorine International	3,703	4,128	11.5%	183.5	2,204	18.5	25.9	10.5	36.7	17.6	20.4	16.9	20.2	44.3	32.4	7.2	6.1
Navneet Education	168	205	21.9%	38.0	457	13.7	11.0	48.5	23.6	17.0	18.3	21.0	23.1	18.2	14.8	2.9	2.5
R R Kabel	1,460	1,624	11.2%	164.7	1,977	21.3	25.0	38.5	46.3	18.6	21.1	21.5	25.7	53.1	36.3	8.6	6.9
Contra BUY																	
Crompton Greaves Consumer	298	401	34.7%	195.4	2,346	8.3	15.8	9.9	30.5	18.6	21.8	21.2	26.5	37.2	28.5	6.6	5.9
Contra Sell																	
Deepak Nitrite	2,066	1,803	-12.7%	281.7	3,383	7.7	11.0	0.5	30.6	19.2	21.0	24.7	27.3	32.9	25.2	5.8	4.8
Divi's Laboratories	3,714	3,000	-19.2%	985.8	11,838	2.3	16.0	(0.6)	25.5	13.8	16.1	15.6	18.5	54.4	43.3	7.3	6.7

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

Added: HDFC Bank, Can Fin Homes, ABB India, RR Kabel and Navin Fluorine.

Removed: Titan Company, Gujarat Gas, Green Panel Industries and Safari Industries

Exhibit 17: Current Valuations in 60% of Nifty50 companies are lower than 2022 levels

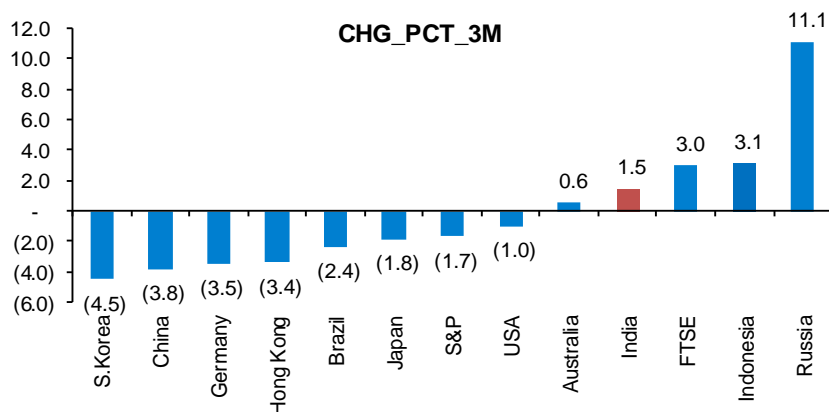
12 Month Forward Average PE	2009-11	2011-13	2013-16	2016-20	2021	2022	2023	Current Valuations*
Nifty Index	16.3	14.7	18.8	22.0	18.5	20.4	19.5	19.7
Eicher Motors Ltd	7.0	12.0		34.7	38.9	31.9	26.0	24.1
Adani Enterprises	3.0	2.8	4.2	13.4	49.0	113.7	647.3	
Adani Ports & Special Economic Zone Ltd	28.8	18.5	18.3	18.1	17.7	31.2	25.3	19.6
Apollo Hospital Enterprises	24.5	29.9	58.6	81.2	53.3	66.5	65.9	54.9
Asian Paints Ltd	21.5	30.1	39.9	51.7	64.5	82.7	62.7	54.0
Axis Bank Ltd	13.1	9.9	14.0	72.8	16.2	20.2	15.3	12.1
Bajaj Auto Ltd	9.7	15.1	17.5	17.7	16.3	17.4	16.6	19.4
Bajaj Finance Ltd	5.9	6.7	13.3	33.9	43.2	48.6	32.1	29.3
Bajaj Finserv Ltd	5.5	6.6	9.9	26.9	24.7	43.2	33.5	30.0
Bharat Petroleum Corp Ltd	15.6	13.7	8.6	11.0	5.8	15.3	10.5	5.6
Bharti Airtel Ltd	20.9	45.4	29.3	72.6	-0.3	57.3	40.8	32.9
Britannia Industries Ltd	28.8	23.3	28.3	47.3	50.3	46.9	43.7	46.7
Cipla Ltd/India	23.5	19.3	34.3	29.8	23.8	28.3	25.5	23.4
Coal India Ltd	2.9	13.7	15.8	14.2	5.5	4.3	5.1	8.1
Divi's Laboratories	19.3	18.8	26.5	25.7	32.4	51.4	51.0	46.0
Dr Reddy's Laboratories Ltd	27.6	16.8	26.8	30.2	35.0	24.3	15.8	19.1
Grasim Industries Ltd	6.0	8.2	19.1	20.0	8.8	14.5	14.6	15.4
HCL Technologies Ltd	13.3	9.0	14.1	12.9	15.7	21.3	18.3	20.4
HDFC Bank Ltd	20.7	18.5	18.0	21.5	19.0	19.9	21.2	23.8
HDFC Life Insurance Co. Ltd.			-	42.8	91.2	103.0	78.1	74.5
Hero MotoCorp Ltd	16.0	17.5	17.4	18.0	21.1	20.4	16.0	15.1
Hindalco Industries Ltd	9.9	9.0	17.2	9.9	5.3	8.6	9.3	9.7
Hindustan Unilever Ltd	24.3	25.2	37.1	50.1	61.7	60.2	56.0	50.7
ICICI Bank Ltd	19.5	13.6	15.0	30.5	15.0	17.7	16.9	17.0
IndusInd Bank Ltd	12.3	14.4	17.6	26.4	13.5	13.0	10.0	11.1
Infosys Ltd	20.5	16.0	16.5	16.4	20.4	29.9	25.8	23.2
ITC Ltd	20.5	24.2	32.3	25.6	16.8	17.1	19.7	24.6
JSW Steel Ltd	16.2	25.2	-38.4	10.2	4.8	15.7	21.6	13.4
Kotak Mahindra Bank Ltd	17.6	18.6	25.9	29.1	27.4	27.1	24.4	22.7
Larsen & Toubro Ltd	20.9	18.0	26.2	19.8	15.3	24.7	22.7	29.1
LTIMindtree				14.0	22.5	38.5	29.3	28.6
Mahindra & Mahindra Ltd	10.5	11.4	18.6	47.2	17.1	11.3	12.1	14.8
Maruti Suzuki India Ltd	17.2	15.9	17.5	31.9	48.5	38.1	26.7	26.1
Nestle India Ltd	27.6	38.0	61.6	47.9	72.4	66.1	56.5	60.3
NTPC Ltd	17.9	11.9	10.8	10.7	5.9	7.2	8.7	11.4
Oil & Natural Gas Corp Ltd	10.8	9.2	17.1	10.4	3.6	4.3	4.5	4.9
Power Grid Corp of India Ltd	17.6	12.5	11.5	10.5	6.6	8.1	10.1	11.9
Reliance Industries Ltd	13.5	10.5	9.4	13.4	20.5	21.9	21.9	19.3
SBI Life Insurance Co.			-	32.4	55.9	68.3	65.0	62.0
State Bank of India	11.9	8.9	25.1	200.4	7.2	8.9	8.3	8.4
Sun Pharmaceutical Industries Ltd	18.1	20.6	37.2	42.0	40.7	32.8	25.6	26.9
Tata Consultancy Services Ltd	16.3	16.9	20.1	20.7	26.3	32.0	27.3	26.9
Tata Consumer Products	19.9	18.1	3.6	32.6	50.4	65.2	54.5	53.2
Tata Motors Ltd	5.3	6.5	11.6	-0.8	-5.1	-13.5	22.0	12.6
Tata Steel Ltd	-6.7	-1,397.8	-13.6	7.5	2.5	7.2	13.7	11.5
Tech Mahindra Ltd	12.9	7.2	15.6	13.4	13.4	23.0	20.8	20.9
Titan Co Ltd	21.2	29.4	38.8	56.5	68.9	67.8	61.9	68.8
UltraTech Cement Ltd	13.7	16.1	28.4	35.4	20.5	33.5	30.4	28.2
UPL Ltd	13.1	8.1	13.5	20.6	11.0	16.0	15.1	10.5
Wipro Ltd	15.6	13.2	15.1	14.8	14.9	27.7	19.8	17.3

Source: PL * as of July 7, 2023

Indian markets consolidating after upmove

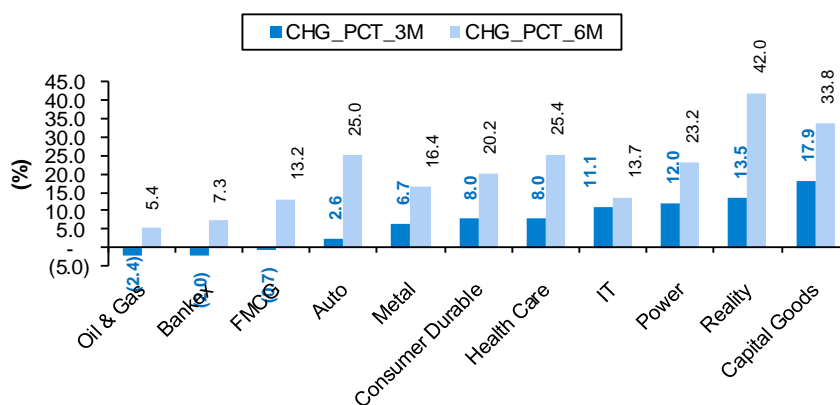
- NIFTY performance has been resilient with 1.5% positive returns in past 3 months despite small correction from the peak making India as forth best performing market (2nd best 2 months back with 6.8% return). Russia remains best performing market while Indonesia and FTSE have seen sharp pickup.
- Oil and Gas and Metals have done well over the past 3 months while Healthcare, Auto, FMCG, Durables and Power have taken a breather with negative returns of 14%, 8%, 6.5% and 3% respectively. Strong returns in cyclical like Metals and Oil and Gas suggest strong momentum in the market.
- BSE small cap and Mid-cap index have moved up by 29.6/26.9% in the last 12 months which is significantly higher than Sensex/ Nifty and BSE 100. Small/mid-caps have outperformed these indices by 9-12% over the past 3 months also showing depth of the market and focus on Ideas.
- FII outflows have been Rs196bn since Aug20 while DII inflows have been Rs435bn which has neutralized the impact of FII selling significantly. NIFTY has given 7.2% returns given FII inflows of Rs1164bn in CY23YTD.

Exhibit 18: India up 1.5% in past 3 months, 4th best performing market



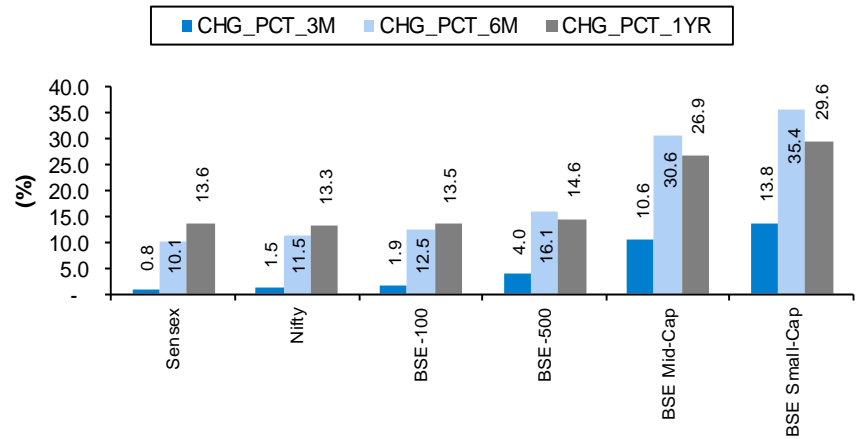
Source: PL

Exhibit 19: FMCG, Healthcare, Auto correct: Metals, Oil and Gas join rally



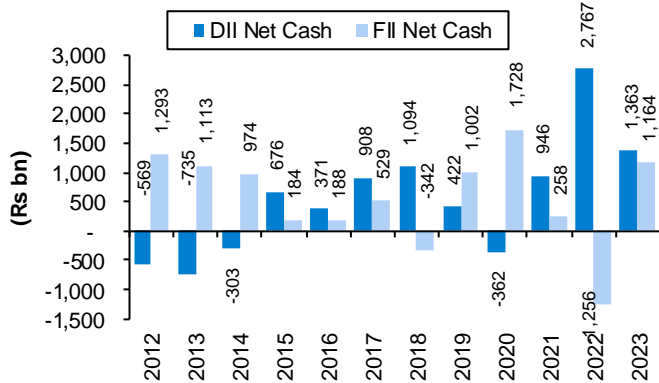
Source: PL

Exhibit 20: Small/ Mid-caps Indices outperform by 9-12 ppt in 3 months



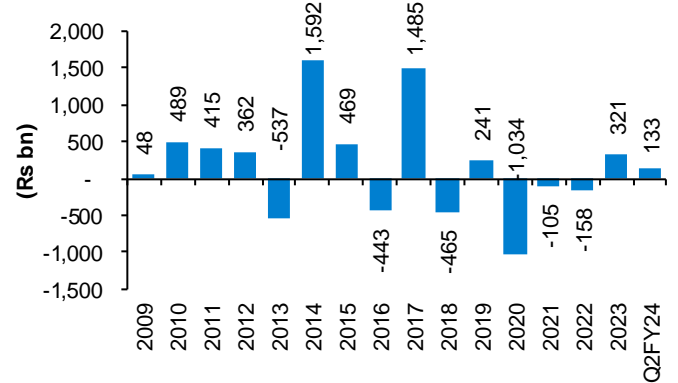
Source: PL

Exhibit 21: FII outflows at Rs196bn in past 6 weeks



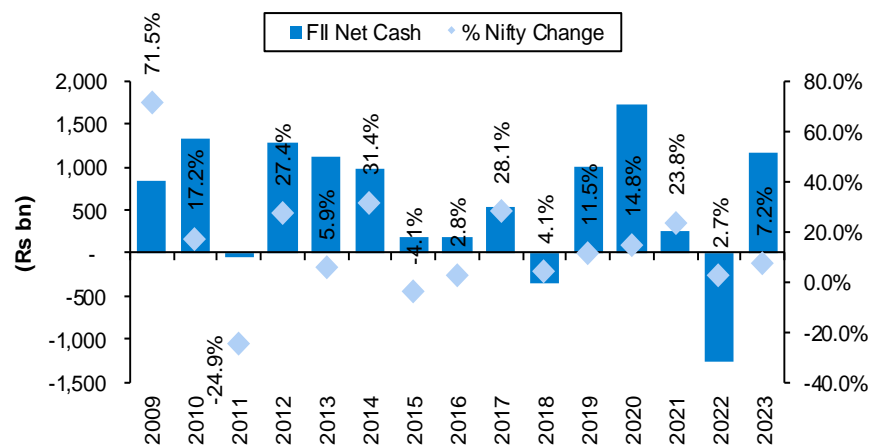
Source: PL

Exhibit 22: FII Debt flows remain tepid



Source: PL

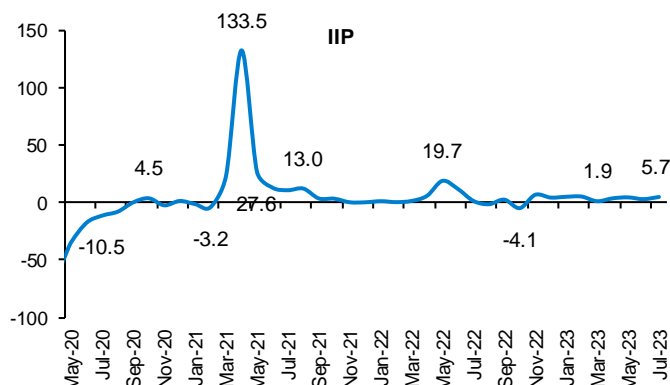
Exhibit 23: NIFTY gains directly correlated to Positive FII flows



Source: PL

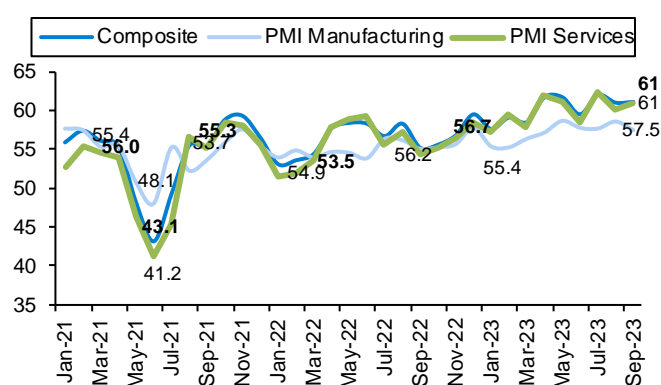
High Frequency indicators stay strong

Exhibit 24: IIP registered a healthy growth of 5.7% in Jul'23



Source: Ministry of commerce, PL

Exhibit 25: PMI Services remain the strong in Sep'23



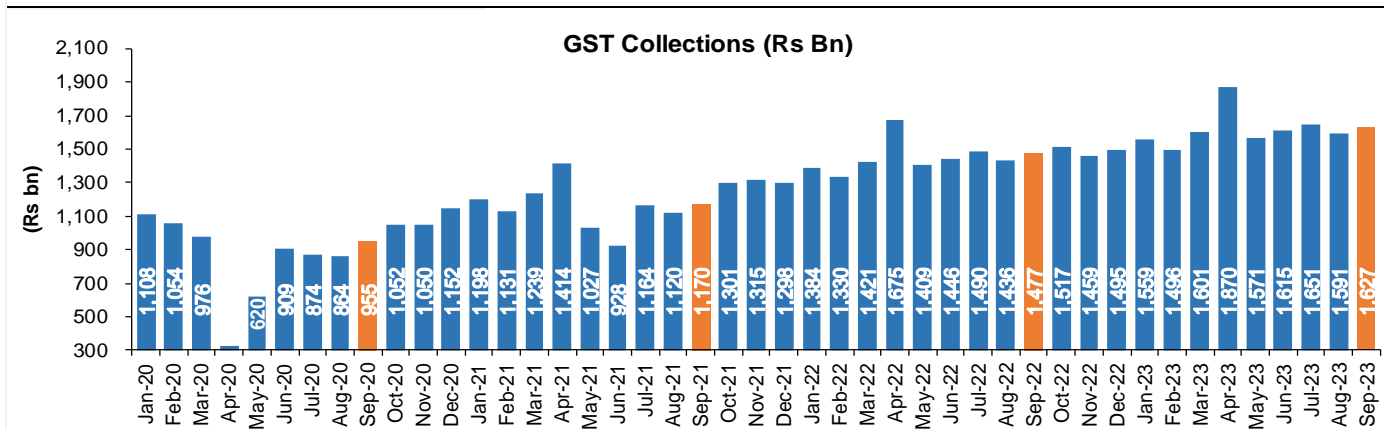
Source: Ministry of commerce, PL

Exhibit 26: IIP witnessed a robust growth in July'23, led by Mining and Electricity; Consumer durables remain negative

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
General	2.2	-0.7	3.3	-4.1	7.6	5.1	5.8	6.0	1.9	4.5	5.3	3.8	5.7
Mining	-3.3	-3.9	5.2	2.6	9.7	10.1	9.0	4.8	6.8	5.1	6.4	7.6	10.7
Manufacturing	3.1	-0.5	2.0	-5.8	6.7	3.6	4.5	5.9	1.5	5.2	5.8	3.1	4.6
Electricity	2.3	1.4	11.6	1.2	12.7	10.4	12.7	8.2	-1.6	-1.1	0.9	4.2	8.0
Use-Based													
Basic goods	2.5	1.7	9.5	2.1	4.8	8.5	9.8	7.0	3.3	1.9	3.6	5.3	7.6
Intermediate goods	3.7	1.3	1.7	-2.3	3.5	1.5	1.4	1.0	1.8	0.4	3.0	4.6	1.9
Capital goods	5.1	4.3	11.4	-2.9	20.7	7.8	10.5	11.0	10.0	4.6	8.1	2.0	4.6
Infra/Construction Goods	4.8	3.0	8.2	1.7	14.3	11.0	11.3	9.0	7.2	15.0	11.3	12.9	11.4
Consumer Durables	2.3	-4.4	-5.5	-18.1	5.0	-11.2	-8.2	-4.1	-8.0	-2.5	1.2	-6.7	-2.7
Consumer Non-durables	-2.9	-9.0	-5.7	-13.0	10.0	7.9	6.5	12.5	-1.9	10.8	8.4	0.3	7.4

Source: MOSPI, PL

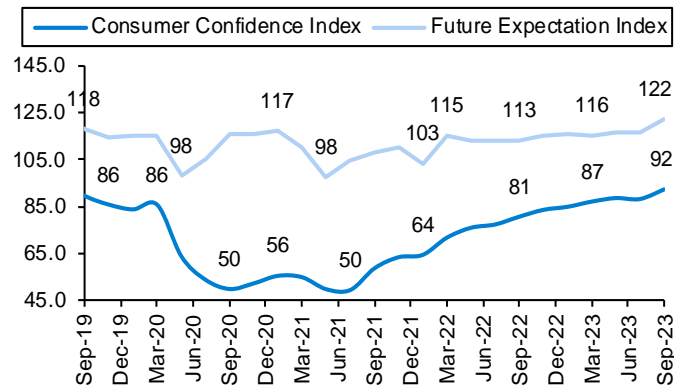
Exhibit 27: Sept GST Collection up 10% YoY at Rs1.63tn; compensation cess up 15%, 2Q cess up 12% YoY



Source: GOI, PL

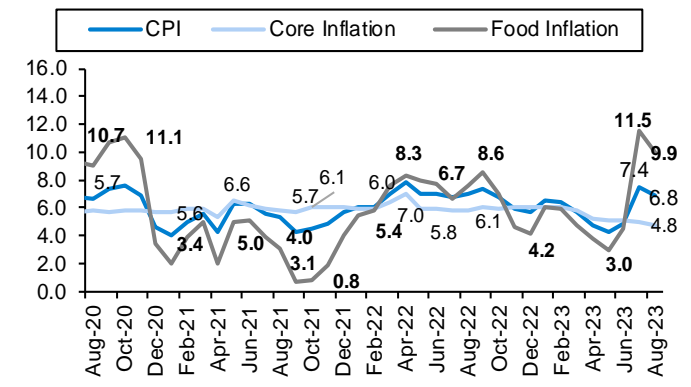
GST collection reached its 1.6tn mark again this month, with 1HFY24 making a collection of Rs9.9tn

Exhibit 28: CSI hits 4-year high, up 410bps in 2 months



Source: CMIE, PL

Exhibit 29: CPI eases 61bps on 157bps lower food inflation



Source: MOSPI, PL

Exhibit 30: After a steep rise in Jul'23, retail inflation eases in Aug at 6.8%; Food inflation at 9.9% and core at 4.8%

		Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Consumer Price Index (CPI)	Weight	7.0	7.4	6.8	5.9	5.7	6.5	6.4	5.7	4.7	4.3	4.9	7.4	6.8
Food, Beverages and Tobacco	45.9	7.5	8.4	7.1	5.1	4.6	6.2	6.3	5.1	4.2	3.3	4.7	10.6	9.2
Pan Tobacco and Intoxicants	2.4	1.7	2.0	1.9	2.1	2.5	3.1	3.2	3.0	3.5	3.6	3.7	3.9	4.1
Clothing and Footwear	6.5	9.9	10.2	10.2	9.8	9.6	9.1	8.8	8.2	7.5	6.6	6.1	5.6	5.2
Housing	10.1	4.1	4.6	4.6	4.6	4.5	4.6	4.8	5.0	4.9	4.8	4.6	4.5	4.4
Fuel and Light	6.8	10.8	10.4	9.9	10.6	10.9	10.8	9.9	8.8	5.5	4.7	3.9	3.7	4.3
Miscellaneous	28.3	6.0	6.1	5.9	6.0	6.2	6.2	6.1	5.8	4.9	4.9	5.2	5.0	4.9
Consumer Food Price Index	39.1	7.6	8.6	7.0	4.7	4.2	6.0	6.0	4.8	3.8	3.0	4.5	11.5	9.9

Source: MOSPI, PL

Exhibit 31: Aug23 trade deficit up MoM at \$24.2bn on pickup in imports; FY24YTD trade deficit at \$98.6bn vs \$112.9bn

Merchandise Trade (USD bn)		Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Exports		37.0	35.4	31.6	34.9	38.1	35.8	37.0	41.4	34.7	35.0	34.3	34.5	34.5
YoY %		11%	5%	-12%	10%	-3%	2%	0%	-7%	-12%	-10%	-19%	-10%	-7%
Imports		61.9	63.4	57.9	58.7	61.3	52.2	53.2	60.0	49.9	57.0	53.1	53.0	58.6
YoY %		37%	13%	8%	11%	2%	-1%	-5%	-5%	-14%	-7%	-18%	-17%	-5%
- Oil		17.3	17.6	16.3	18.1	19.4	15.9	17.0	18.0	15.2	15.6	12.5	11.8	13.2
YoY %		83%	5%	33%	27%	18%	29%	8%	-15%	-14%	-6%	-34%	-37%	-24%
- Gold		3.6	3.8	3.7	3.2	1.2	0.8	2.6	3.4	1.1	3.7	5.0	3.5	4.9
YoY %		-47%	-25%	-27%	-23%	-75%	-66%	-45%	223%	-35%	-39%	82%	49%	39%
- Non Oil Non Gold		41.0	42.0	37.9	37.4	40.7	35.5	33.7	38.6	33.6	37.7	35.6	37.6	40.5
YoY %		42%	22%	4%	9%	4%	-6%	-5%	-6%	-13%	-2%	-17%	-12%	-1%
Trade Deficit		(24.9)	(28.0)	(26.3)	(23.8)	(23.3)	(16.4)	(16.2)	(18.6)	(15.1)	(22.0)	(18.8)	(18.5)	(24.2)
YoY %		112%	25%	47%	12%	10%	-5%	-13%	1%	-18%	0%	-15%	-27%	-3%

Source: Ministry of Commerce, PL

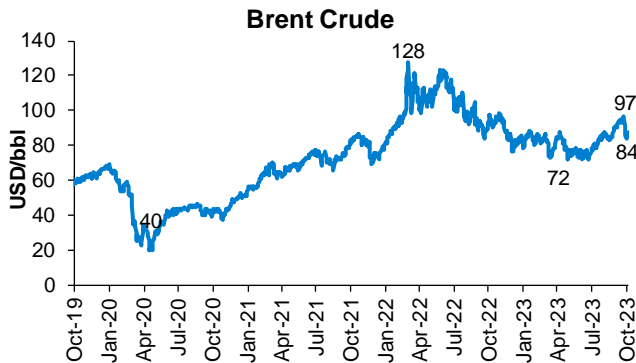
Exhibit 32: Services balance up by 11%YoY; Overall CAD (Merchandise + service) at \$11.7bn in Aug'23

Services		Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Exports (Receipts)		26.5	25.7	28.6	26.2	27.3	32.2	29.2	27.8	30.4	25.3	27.1	27.2	26.4
YoY %		35%	24%	44%	27%	8%	49%	37%	3%	26%	1%	7%	12%	0%
Imports (Payments)		15.2	15.1	16.3	13.4	15.6	15.8	14.6	14.1	16.5	13.5	15.9	14.9	13.9
YoY %		32%	23%	40%	6%	4%	19%	12%	-8%	17%	-11%	1%	6%	-9%
Services balance		11.3	10.6	12.3	12.8	11.8	16.5	14.6	13.7	13.9	11.8	11.2	12.3	12.5
YoY %		40%	25%	49%	59%	13%	96%	75%	18%	39%	19%	18%	21%	11%

Source: Ministry of Commerce, PL

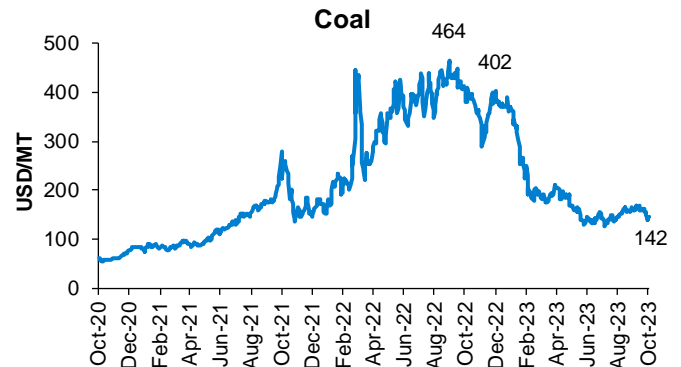
High Frequency Indicators

Exhibit 33: Crude corrected 32% from peak at 84 USD/bbl.



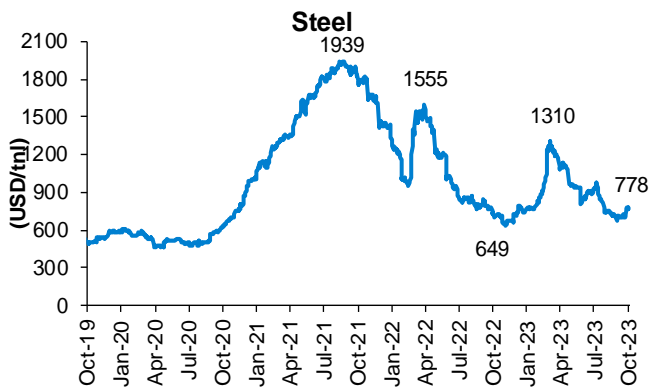
Source: Bloomberg, PL

Exhibit 34: coal prices down 70% from the peak



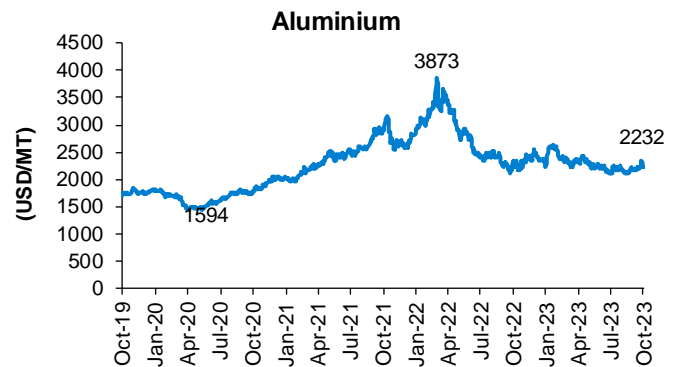
Source: Bloomberg, PL

Exhibit 35: Steel down 30% since April, up 15% from lows



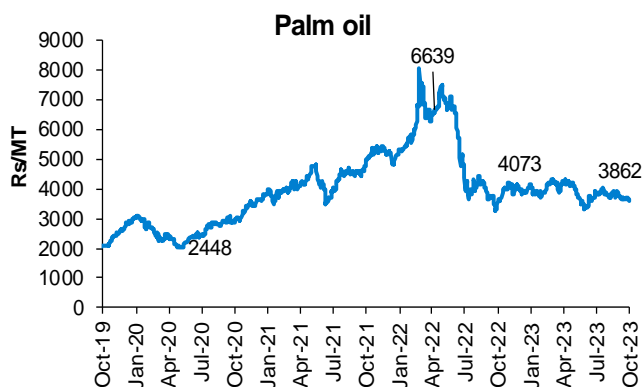
Source: Bloomberg, PL

Exhibit 36: Aluminum corrected 6% since April23



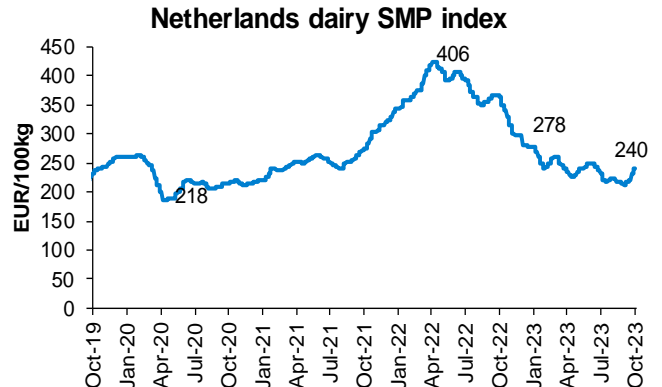
Source: Bloomberg, PL

Exhibit 37: Palm Oil down 56% from peak, range bound now



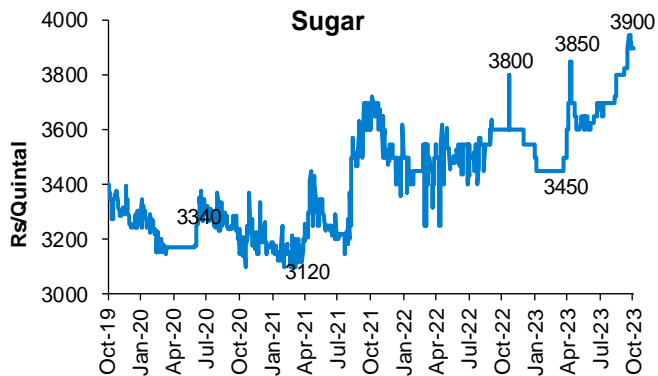
Source: Bloomberg, PL

Exhibit 38: SMP shows rebound after 48% decline from peak



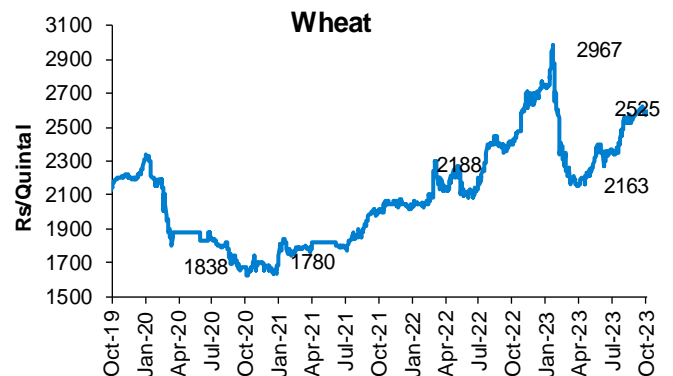
Source: Bloomberg, PL

Exhibit 39: Sugar prices at a new high of Rs3900



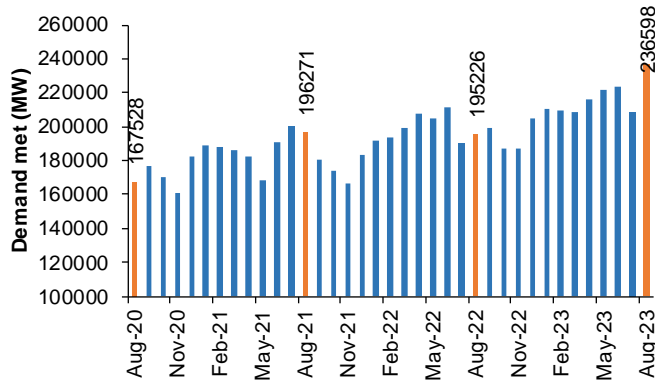
Source: Bloomberg, PL

Exhibit 40: Post-harvest - wheat prices jump by 13%



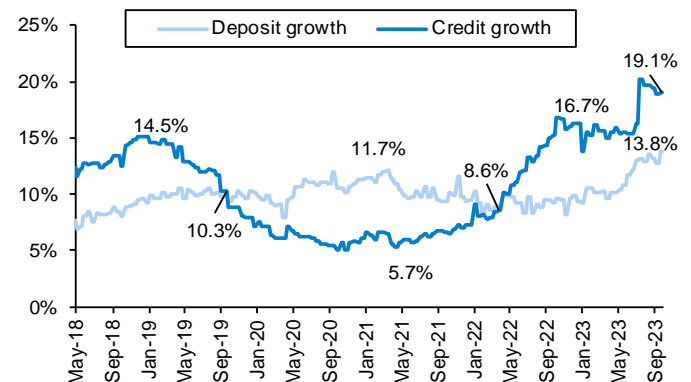
Source: Bloomberg, PL

Exhibit 41: Aug power demand at all-time high of 236.5GW



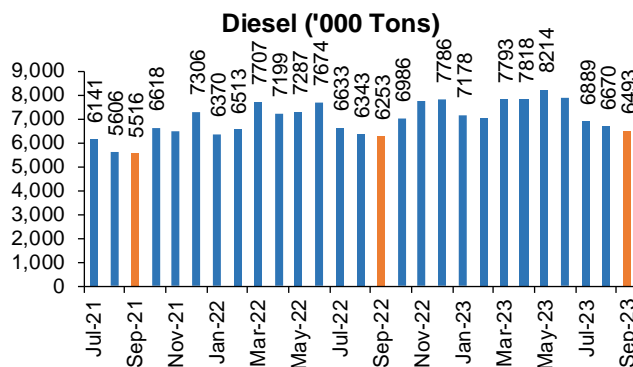
Source: CEA, PL Research

Exhibit 42: 2Q24 C/D gap widens 151bps QoQ to 6.03%



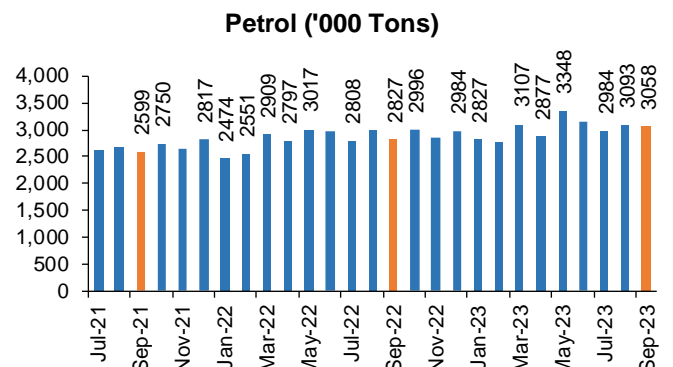
Source: RBI, PL

Exhibit 43: Diesel Consumption up 3.8% YoY



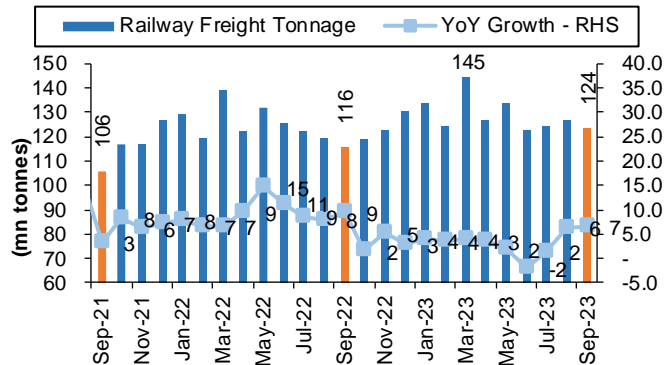
Source: PPAC, PL

Exhibit 44: and petrol by 8.2% YoY on high base



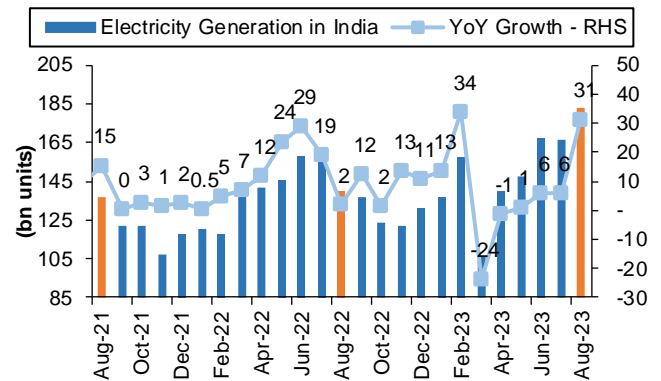
Source: PPAC, PL

Exhibit 45: Railway haulage up by 6.7% YoY in Sep'23



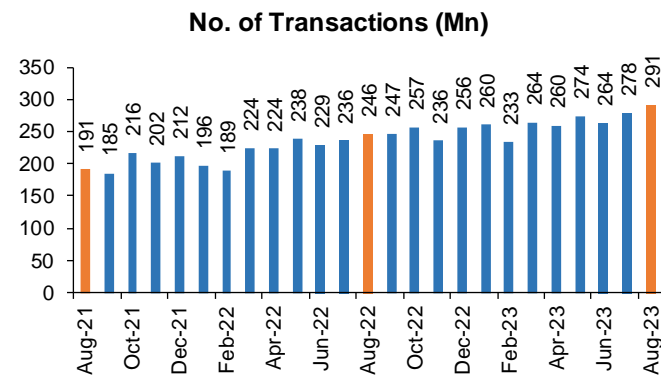
Source: Indian Railway, PL

Exhibit 46: Aug power production up 31% YoY, all time high



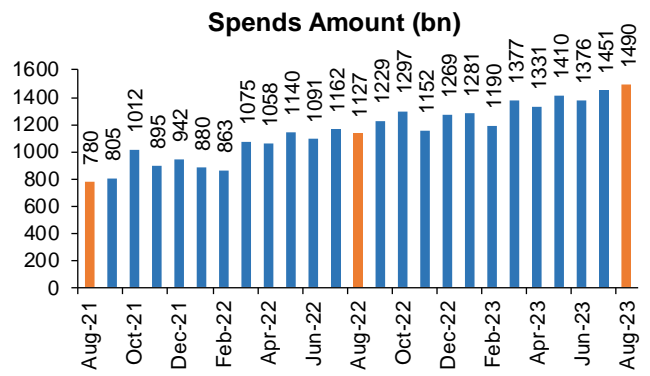
Source: CEA, PL

Exhibit 47: Aug23 Credit card transaction up 18% YoY...



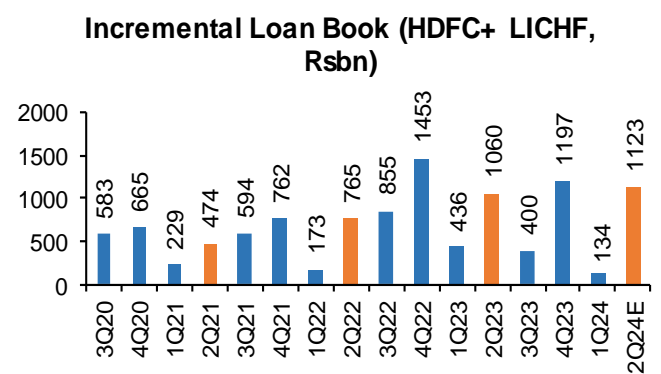
Source: RBI, PL

Exhibit 48: ...spending up 21% YoY at Rs149bn



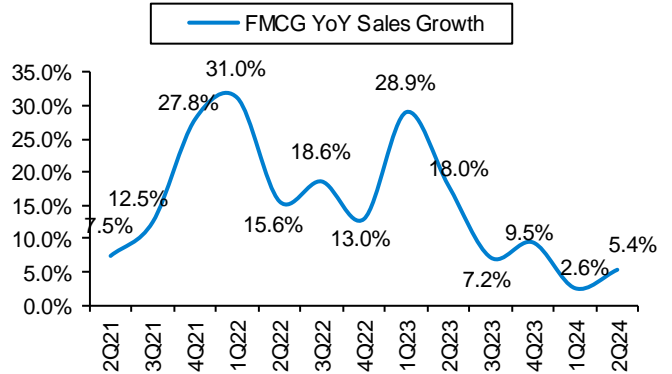
Source: RBI, PL

Exhibit 49: Incremental AUM up 6% YoY



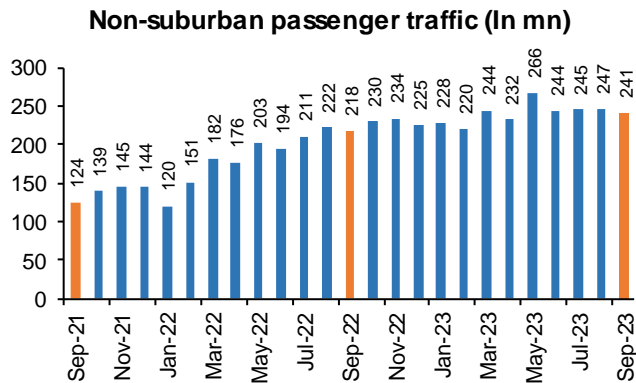
Source: Company, PL

Exhibit 50: FMCG sales up 5.4% YoY on improved volumes



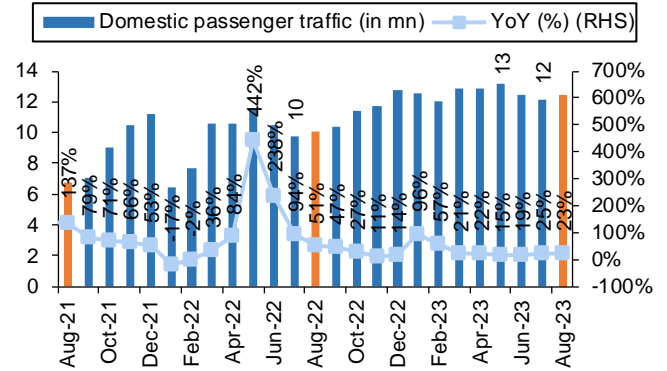
Source: Company, PL

Exhibit 51: Train Traffic grew by 10% YoY in Sep'23



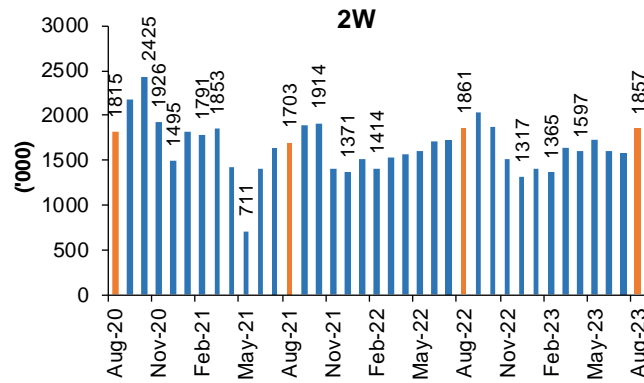
Source: Indian Railway, PL

Exhibit 52: Sept 23 Air traffic up 23% YoY



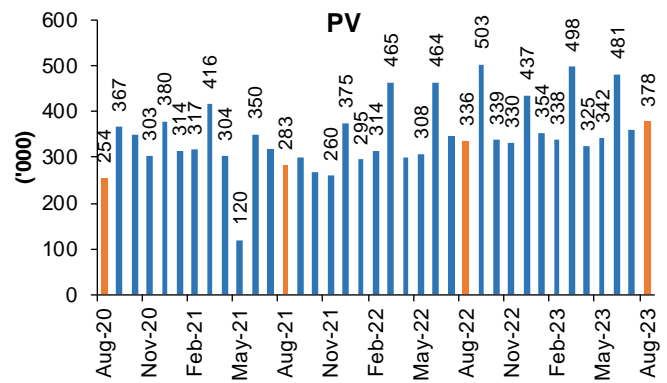
Source: DGCA, PL

Exhibit 53: 2W Sales flattish YoY on muted demand



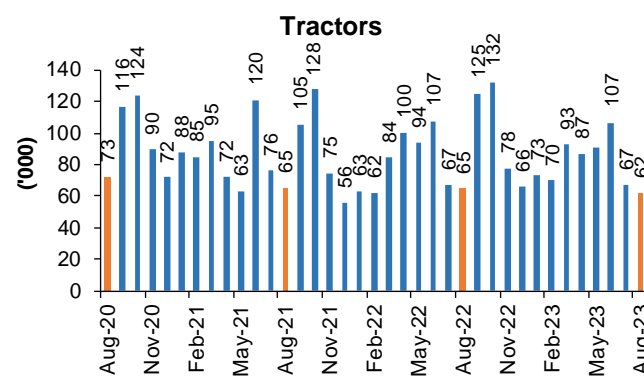
Source: SIAM, PL

Exhibit 54: Aug'23 PV sales up by 12% YoY



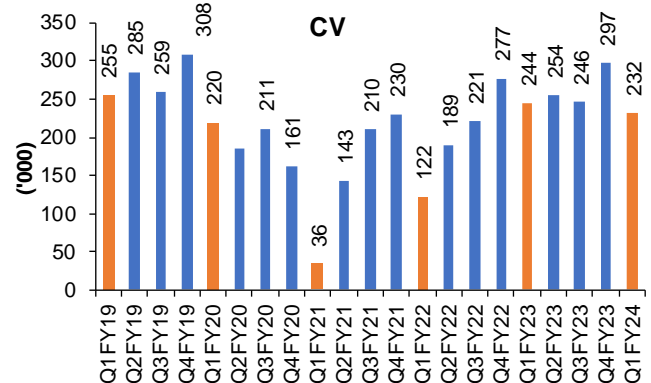
Source: SIAM, PL (*TATA motors only gives Quarterly numbers)

Exhibit 55: Tractor volumes down 4% YoY



Source: SIAM, PL

Exhibit 56: 1QFY24 CV volumes down 5% YoY



Source: SIAM, PL

2QFY24 shows mixed demand, margin expansion

We estimate 10.6% sales growth, 33.5% growth in EBITDA and 44.7% growth in PBT of coverage universe. Ex oil & Gas we estimate 24.7% growth in EBITDA and 25.9% in PBT. Auto, Oil and Gas, Metals, Building Material, Consumer durables and Hospitals will lead growth.

- 2Q24 will show impact of volatile monsoons, flash floods in July and delayed recovery in rural and consumer demand in a few segments. Demand scenario is mixed with strong demand from upper and upper middle class while lower class seems to be under some pressure. Volatile weather conditions and higher food inflation during the quarter has also impacted the sentiments. Discretionary spending on travel, tourism, Jewellery has been good while QSR, apparel, 2W have been impacted. PV continue to report strong numbers.
- Global commodities remain volatile across both agri and crude linked segments. Commodities in general seems to have bottomed out and impact of poor spatial distribution and El Nino is likely to impact the prices of several agri commodities including Palmoil in the coming months. Similarly, middle east fiasco is likely to increase volatility in oil prices in the coming periods.
- Travel, Auto, Media, Durables and capital goods will report strong growth in both sales and profitability. Agri, building materials and staples will show tepid growth. Oil and Gas and metals will show sharp improvement in profitability due to low base. Overall margin outlook remains positive with 310bps margin expansion, Agri, chemicals and Banks will report pressure on margins.

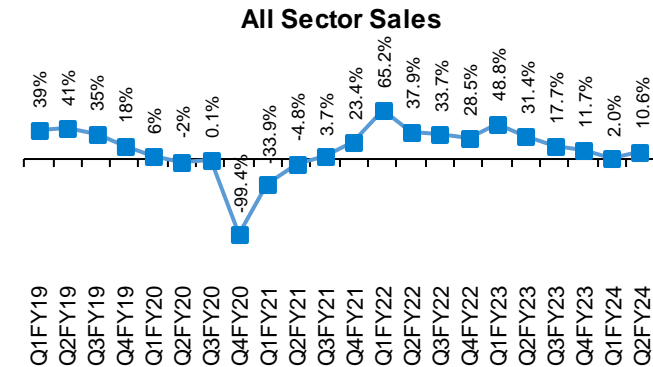
Exhibit 57: 1L Universe – 2QFY24E, Oil and Gas, Auto, Metals lead profit growth

	Revenue (%)		EBITDA Growth (%)		EBITDA Margin (bps)		PBT Growth (%)		PAT Gr. (%)	
	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Agri Chemicals	4.7	26.6	3.6	52.5	(21)	324	4.4	128.0	6.7	73.7
Automobiles	25.6	8.0	57.3	6.0	282	(26)	129.3	13.1	133.0	16.1
Banks	11.4	(1.8)	0.9	(12.2)	(685)	(777)	0.9	(14.9)	2.3	(14.3)
Building Material	4.7	(2.8)	78.6	(6.4)	585	(54)	98.3	(10.0)	84.3	(8.9)
Capital Goods	16.8	8.0	24.8	21.3	69	118	27.5	16.1	26.5	18.9
Chemicals	(8.1)	5.1	(16.2)	2.6	(177)	(46)	(27.5)	(2.0)	(15.8)	14.8
Consumer Durables	23.9	(10.6)	26.9	(0.1)	23	103	29.8	(3.9)	32.1	(1.3)
Consumer Staples	8.6	2.6	13.7	2.2	97	(9)	14.5	0.8	11.1	1.2
Education	(2.4)	(59.2)	(799.0)	(110.0)	(688)	(3,068)	89.1	(123.6)	(4.7)	(122.9)
HFCs	61.0	(4.9)	72.2	(6.9)	561	(182)	146.5	(12.3)	156.3	(12.2)
Hospitals	11.2	3.3	12.1	9.9	14	102	10.1	16.5	(14.5)	23.7
Media	46.1	22.8	94.4	69.9	525	584	158.7	(4,417.6)	162.8	2,920.0
Metals	(0.3)	(0.5)	52.0	1.7	435	27	135.1	1.8	187.7	(5.0)
Oil & Gas	9.5	16.9	77.3	(5.5)	478	(296)	109.8	(7.1)	108.7	(8.7)
Pharma	11.5	0.9	16.6	(1.1)	107	(50)	19.5	(2.4)	21.8	3.9
Telecom	11.6	2.9	13.8	2.2	104	(35)	8.4	(9.4)	(28.5)	(4.8)
Travel	17.4	(11.2)	348.5	(48.7)	1,302	(1,290)	(156.9)	(82.1)	(140.3)	(85.6)
PL Universe	10.6	9.2	33.5	(4.1)	310	(251)	44.7	(6.4)	45.0	(6.9)
PL Universe (Ex-BFSI)	10.5	10.1	48.7	(1.1)	375 bps	(166)bps	74.0	(2.4)	74.6	(3.4)
PL Universe (Ex-Oil)	11.8	2.9	18.8	(3.3)	139 bps	(150)bps	24.7	(6.0)	25.9	(6.0)

Source: Company, PL

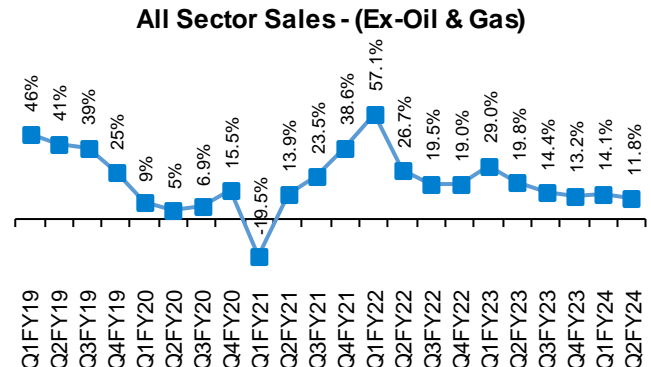
Mixed demand, margins expand due to lower input costs

Exhibit 58: Metals, chemicals drag sales growth



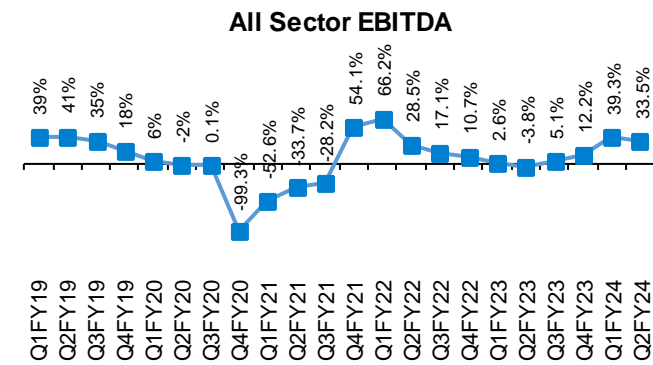
Source: Company, PL

Exhibit 59: Auto, CG and Durables lead growth



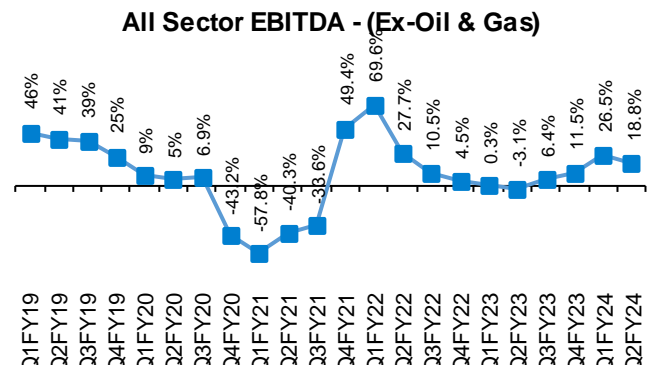
Source: Company, PL

Exhibit 60: Low base, Soft commodities boost EBITDA



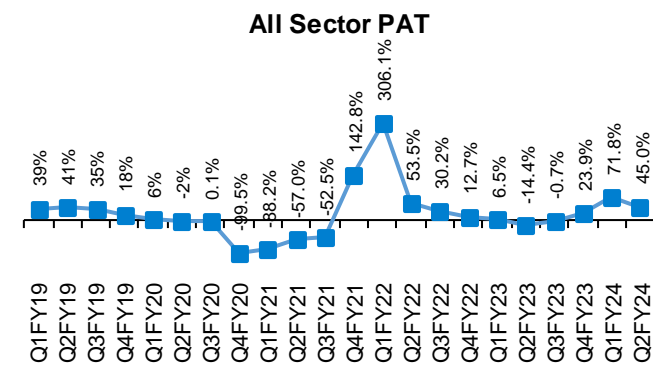
Source: Company, PL

Exhibit 61: Metals, Auto and pharma boost EBITDA



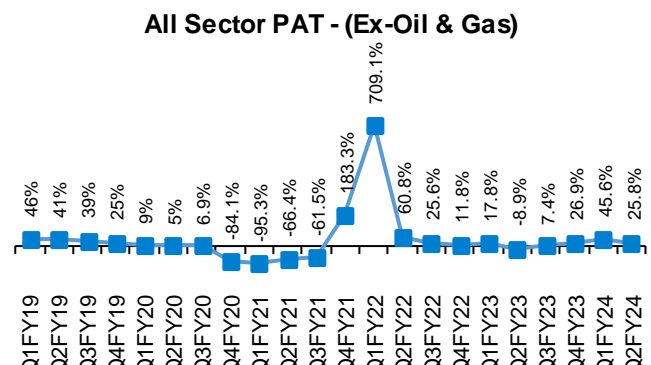
Source: Company, PL

Exhibit 62: Auto, O&G, Metals lead growth



Source: Company, PL

Exhibit 63: Growth rate to normalise



Source: Company, PL

Exhibit 64: 2QFY24 Result Snapshot

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	
Agro Chemicals																
Bayer Cropscience	16,208	14,519	11.6	17,396	-6.8	2,993	2,379	25.8	4,246	-29.5	2,053	1,626	26.3	3,285	-37.5	We expect companies in our coverage universe to report Revenue/EBIDTA/ PAT growth of 5%/4%/7% YoY. Performance in agrochemical companies is likely to be subdued (PLe 5% YoY revenue growth) primarily led by 1) delayed onset of monsoons, leading to a postponement in crop acreages and subsequently resulting in lower volume off tick; 2) higher carry-over inventory from last year (FY23), leaving limited room for further inventory push; and 3) pressure on prices realizations amid a falling RM cost scenario (particularly generic molecules).
Dhanuka Agritech	6,135	5,429	13.0	3,691	66.2	1,123	975	15.1	436	157.5	847	730	16.0	329	157.2	
Godrej Agrovet	25,764	24,453	5.4	25,102	2.6	1,601	1,503	6.5	1,929	-17.0	733	675	8.7	1,053	-30.4	
Insecticides India	6,181	5,822	6.2	6,400	-3.4	705	685	2.9	456	54.4	457	447	2.4	290	57.5	
P.I. Industries	19,887	17,700	12.4	19,104	4.1	4,982	4,319	15.3	4,678	6.5	3,889	3,348	16.2	3,829	1.6	
Rallis India	9,773	9,512	2.7	7,820	25.0	1,228	1,176	4.5	1,100	11.7	746	710	4.9	630	18.4	
Sharda Cropchem	7,924	7,215	9.8	6,378	24.2	1,171	1,037	12.9	-688	NA	206	121	69.8	-886	NA	
Sumitomo Chem	11,912	11,217	6.2	7,242	64.5	2,478	2,784	-11.0	808	206.9	1,810	2,020	-10.4	618	193.0	
UPL	1,27,562	1,25,070	2.0	89,630	42.3	27,782	27,680	0.4	15,920	74.5	8,644	8,493	1.8	2,013	329.5	
Total	2,31,344	2,20,937	4.7	1,82,762	26.6	44,062	42,537	3.6	28,886	52.5	19,386	18,170	6.7	11,161	73.7	
Automobiles																
Ashok Leyland	97,138	82,660	17.5	81,893	18.6	10,102	5,373	88.0	8,207	23.1	5,602	1,940	188.7	4,503	24.4	In 2QFY24, auto industry witnessed overall low single digit decline in volumes (1.1)% YoY
Bajaj Auto	1,08,122	1,02,028	6.0	1,03,098	4.9	21,015	17,588	19.5	19,539	7.6	17,349	15,300	13.4	16,648	4.2	
Bharat Forge	40,024	30,764	30.1	38,774	3.2	6,815	4,320	57.8	6,176	10.3	2,981	1,456	104.7	2,165	37.7	2W saw a de-growth of (3.7)% YoY on back of lower export and delayed festive season
CEAT	30,103	28,945	4.0	29,352	2.6	3,929	2,031	93.4	3,871	1.5	1,469	142	934.6	1,464	0.3	
Eicher Motors	40,405	35,194	14.8	39,864	1.4	10,803	8,216	31.5	10,208	5.8	9,677	6,569	47.3	9,183	5.4	PV industry grew by ~5% YoY due to rising demand in SUV segment.
Endurance Technologies	26,630	23,606	12.8	24,500	8.7	3,681	2,716	35.5	3,213	14.6	1,998	1,315	51.9	1,635	22.2	
Exide Industries	41,280	37,189	11.0	40,726	1.4	4,830	4,124	17.1	4,322	11.8	2,897	2,462	17.6	2,419	19.7	CV industry grew by ~7% YoY due to high end-user demand
Hero Motocorp	93,195	90,754	2.7	87,673	6.3	13,141	10,383	26.6	12,063	8.9	9,556	7,161	33.5	9,452	1.1	
Mahindra & Mahindra	2,53,961	2,10,101	20.9	2,40,561	5.6	32,761	24,973	31.2	32,351	1.3	29,663	23,159	28.1	25,399	16.8	Commodity costs continue to remain benign which should continue to aid margins.
Maruti Suzuki	3,69,086	2,99,308	23.3	3,23,269	14.2	40,784	27,689	47.3	32,416	25.8	29,786	20,615	44.5	27,437	8.6	
Tata Motors	10,90,459	7,96,114	37.0	10,22,361	6.7	1,60,698	87,178	84.3	1,59,732	0.6	50,459	-12,572	NA	38,798	30.1	Our top picks are Maruti Suzuki, Ashok Leyland and Tata Motors.
TVS Motors	82,165	72,192	13.8	72,179	13.8	9,219	7,365	25.2	7,638	20.7	5,444	4,075	33.6	4,677	16.4	
Total	22,72,568	18,08,853	25.6	21,04,248	8.0	3,17,778	2,01,957	57.3	2,99,736	6.0	1,66,881	71,621	133.0	1,43,780	16.1	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	
<u>Banks</u>																
Axis Bank	1,16,385	1,03,603	12.3	1,19,588	-2.7	82,746	77,162	7.2	88,144	-6.1	53,060	53,298	-0.4	57,971	-8.5	Banking core PAT may fall by 9.3% QoQ to Rs454bn, driven by lower NIM.
Bank of Baroda	1,08,538	1,01,745	6.7	1,09,967	-1.3	68,732	60,310	14.0	78,243	-12.2	34,844	33,134	5.2	40,701	-14.4	
City Union Bank	5,401	5,679	-4.9	5,225	3.4	4,134	4,565	-9.4	4,143	-0.2	2,476	2,765	-10.4	2,273	8.9	
DCB Bank	4,755	4,111	15.7	4,707	1.0	2,080	1,826	13.9	2,087	-0.3	1,211	1,124	7.8	1,269	-4.6	Loan/deposit growth might come in at 3.7%/3.5% while NIM may decline by 22bps QoQ to 3.6%.
Federal Bank	19,850	17,618	12.7	19,186	3.5	12,326	12,122	1.7	13,024	-5.4	7,768	7,037	10.4	8,537	-9.0	
HDFC Bank	2,73,583	2,56,604	6.6	2,87,794	-4.9	2,11,984	2,27,392	-6.8	2,31,009	-8.2	1,36,408	1,38,898	-1.8	1,50,639	-9.4	
ICICI Bank	1,77,442	1,47,868	20.0	1,82,265	-2.6	1,32,827	1,16,803	13.7	1,41,391	-6.1	89,120	75,578	17.9	96,482	-7.6	We see core PPOP at Rs729bn (-7.7% QoQ). Slippage ratio could decline by 40bps QoQ to 1.1% as HDFCB and SBI could see lower sequential delinquencies.
IndusInd bank	49,016	43,021	13.9	48,671	0.7	38,717	35,197	10.0	38,301	1.1	20,788	17,867	16.3	21,236	-2.1	
Kotak Mahindra Bank	61,071	50,994	19.8	62,337	-2.0	42,165	35,675	18.2	49,496	-14.8	29,074	25,807	12.7	34,523	-15.8	
State Bank of India	3,90,901	3,51,834	11.1	3,89,050	0.5	1,93,287	2,11,200	-8.5	2,52,969	-23.6	1,24,716	1,32,645	-6.0	1,68,843	-26.1	We prefer HDFCB, SBI and FB.
Total	12,06,942	10,83,077	11.4	12,28,789	-1.8	7,88,998	7,82,251	0.9	8,98,805	-12.2	4,99,463	4,88,153	2.3	5,82,474	-14.3	
<u>Building Materials</u>																
Astral Ltd.	13,568	11,716	15.8	12,831	5.7	2,017	1,440	40.1	2,016	0.0	1,171	717	63.4	1,194	-1.8	Expected to report moderate volume growth
Century Plyboard (I)	9,113	9,086	0.3	8,910	2.3	1,445	1,230	17.4	1,332	8.5	922	1,087	-15.2	871	5.8	
Cera Sanitaryware	4,498	4,143	8.6	4,289	4.9	722	661	9.3	704	2.6	558	507	10.0	567	-1.6	Anticipate robust volume expansion in the plastic pipe sector, while the tiles and woodpanel sectors likely to experience lower growth.
Finolex Industries	9,803	9,411	4.2	11,792	-16.9	1,191	-1,427	NA	1,525	-21.9	932	-939	NA	1,153	-19.2	
Greenpanel Industries	4,320	4,573	-5.5	3,862	11.8	908	1,167	-22.2	658	38.0	539	725	-25.6	373	44.5	
Kajaria Ceramics	11,432	10,778	6.1	10,642	7.4	1,896	1,294	46.5	1,692	12.1	1,168	735	58.9	1,075	8.7	Companies to register sales growth of 4.7% YoY, given correction in RM prices which mainly impacted plastic pipe segment realizations and de-growth in woodpanel companies.
Supreme Industries	21,121	20,866	1.2	23,686	-10.8	2,247	1,471	52.7	3,216	-30.1	1,443	820	75.9	2,155	-33.1	
Total	73,855	70,572	4.7	76,012	-2.8	10,427	5,837	78.6	11,143	-6.4	6,733	3,652	84.3	7,389	-8.9	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	
Capital Goods																
ABB	25,945	21,197	22.4	25,086	3.4	3,191	2,110	51.3	3,487	-8.5	2,654	1,687	57.3	2,958	-10.3	We expect our capital goods coverage universe to report healthy performance in Q2FY24 owing to 1) strong opening order books, 2) continued execution momentum, 3) favourable product mix and 4) better demand/orders/volumes from domestic as well as key export markets such as Middle East (ME), Americas, SAARC, Africa etc. Overall, we expect Revenue/Adj. PAT growth of ~16.8%/26.5% YoY (15.4%/33.7% YoY ex-L&T).
Apar Inds Ltd	38,261	32,349	18.3	37,730	1.4	3,558	2,259	57.5	3,462	2.8	1,896	1,026	84.7	1,975	-4.0	
Bharat Electronics	45,314	39,458	14.8	35,108	29.1	10,105	8,558	18.1	6,644	52.1	7,533	6,111	23.3	5,308	41.9	
BHEL	60,226	52,026	15.8	50,034	20.4	783	-2,439	NA	-3,641	NA	176	103	71.0	-3,517	NA	
Carborandum Universal	12,792	11,278	13.4	12,032	6.3	1,887	1,630	15.7	1,694	11.4	1,164	890	30.8	1,132	2.8	
Engineers India	8,611	7,820	10.1	8,083	6.5	827	420	97.0	685	20.6	899	851	5.7	1,136	-20.8	
GE T&D India	8,601	7,006	22.8	7,176	19.9	662	54	1,117.5	508	30.3	376	65	476.6	282	33.3	
Grindwell Norton	7,084	6,347	11.6	6,684	6.0	1,452	1,225	18.6	1,352	7.4	1,056	901	17.3	970	8.9	
Harsha Engineering	3,683	3,220	14.4	3,480	5.9	516	480	7.5	418	23.3	347	281	23.5	246	41.1	
KEC International	47,543	40,640	17.0	42,436	12.0	2,900	1,780	63.0	2,443	18.7	740	553	33.9	423	74.9	
Cummins India	22,372	19,513	14.7	22,087	1.3	3,468	2,905	19.4	3,406	1.8	3,031	2,524	20.1	3,157	-4.0	
Kalpataru Power Transmission	37,047	32,930	12.5	36,220	2.3	3,334	2,760	20.8	3,140	6.2	1,408	1,040	35.4	1,260	11.8	
Larsen & Toubro	5,00,300	4,27,626	17.0	4,78,824	4.5	54,041	48,938	10.4	48,686	11.0	26,595	22,290	19.3	24,930	6.7	
Praj Industries	9,521	8,766	8.6	7,367	29.2	952	647	47.2	713	33.5	702	481	46.0	587	19.8	
Siemens	56,623	46,571	21.6	48,732	16.2	7,633	5,159	47.9	5,666	34.7	5,400	3,817	41.5	4,558	18.5	
Thermax	24,188	20,753	16.6	19,330	25.1	1,935	1,406	37.7	1,322	46.4	1,464	1,091	34.1	994	47.3	
Triveni Turbine	3,671	2,930	25.3	3,764	-2.5	686	557	23.3	709	-3.1	568	463	22.7	607	-6.4	
Voltamp Transformers	3,658	3,176	15.2	3,222	13.5	549	464	18.3	480	14.3	465	459	1.3	508	-8.4	
Total	9,15,441	7,83,604	16.8	8,47,395	8.0	98,479	78,910	24.8	81,176	21.3	56,476	44,633	26.5	47,514	18.9	
Chemicals																
Aarti Industries	16,127	16,850	-4.3	14,140	14.1	2,351	2,670	-12.0	2,020	16.4	987	1,245	-20.7	710	39.0	Chemical companies are expected to deliver drop in EBITDA/PAT YoY & QoQ by 10%/20%, due to continued pricing pressure and low demand. However, we expect performance to recover post H2FY24 particularly for agrochemical companies.
Clean Science and Technology	1,912	2,475	-22.8	1,881	1.6	696	975	-28.6	761	-8.6	435	679	-36.0	589	-26.3	
Deepak Nitrite	18,470	19,617	-5.8	17,683	4.4	2,389	2,709	-11.8	2,098	13.9	1,084	1,742	-37.8	1,499	-27.7	
Fine Organic Industries	5,587	8,281	-32.5	5,321	5.0	1,546	2,138	-27.7	1,518	1.8	1,154	1,640	-29.6	1,138	1.4	
Gujarat Fluorochemicals	13,301	14,613	-9.0	12,093	10.0	3,381	5,358	-36.9	3,479	-2.8	2,613	3,612	-27.7	2,011	29.9	
Jubilant Ingrevia	10,716	13,036	-17.8	10,750	-0.3	1,055	1,529	-31.0	1,167	-9.6	706	843	-16.3	576	22.6	
Laxmi Organic Industries	7,409	6,522	13.6	7,336	1.0	734	286	156.2	773	-5.2	518	86	501.5	384	34.9	
Navin Fluorine International	5,166	4,192	23.2	4,912	5.2	1,193	938	27.1	1,142	4.4	649	578	12.3	615	5.6	
NOCIL	3,887	3,892	-0.1	3,967	-2.0	551	620	-11.1	555	-0.6	333	357	-6.9	343	-3.0	
SRF	34,572	37,278	-7.3	33,384	3.6	7,092	7,691	-7.8	6,962	1.9	4,779	4,810	-0.6	3,593	33.0	
Vinati Organics	4,586	5,663	-19.0	4,310	6.4	1,134	1,485	-23.6	1,090	4.0	848	1,160	-26.9	832	1.9	We prefer Navin Fluorine International & Vinati Organics Ltd.
Total	1,21,734	1,32,419	-8.1	1,15,776	5.1	22,120	26,399	-16.2	21,565	2.6	14,105	16,753	-15.8	12,291	14.8	



(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	
Consumer Durables																
Bajaj Electricals	12,157	12,204	-0.4	11,120	9.3	887	938	-5.4	693	28.0	585	639	-8.5	430	35.9	Seasonally weak quarter for sector, sluggish consumer demand and inflationary pressures continue to impact revenue & profitability. Cable & Wire segment continue its outperformance in quarter over other segments with healthy growth, largely from B2B segment.
Crompton Greaves Consumer Electricals	17,488	16,995	2.9	18,769	-6.8	1,749	1,931	-9.4	1,069	63.5	1,103	1,258	-12.3	395	179.2	
Havells India	41,960	36,795	14.0	48,338	-13.2	3,818	2,869	33.1	4,020	-5.0	2,596	1,870	38.8	2,871	-9.6	
KEI Inds	18,339	16,081	14.0	17,826	2.9	1,944	1,606	21.1	1,783	9.0	1,311	1,069	22.6	1,214	8.0	
Polycab India	38,019	33,323	14.1	38,894	-2.2	5,171	4,276	20.9	5,486	-5.7	3,584	2,677	33.8	3,993	-10.2	
R R Kabel	16,638	-	NA	15,973	4.2	1,236	-	NA	1,129	9.5	699	-	NA	743	-5.9	On sales front, KEI/Polycab/RRKABL expected to outperform our coverage over sales.
Voltas	20,278	17,684	14.7	33,599	-39.6	1,217	1,008	20.7	1,854	-34.4	918	990	-7.3	1,293	-29.0	
Total	1,64,878	1,33,081	23.9	1,84,518	-10.6	16,022	12,628	26.9	16,033	-0.1	10,796	8,504	27.0	10,939	-1.3	
Consumer Staples																
Asian Paints	91,342	84,576	8.0	91,823	-0.5	19,182	12,277	56.2	21,213	-9.6	13,173	8,038	63.9	15,748	-16.4	Staples, Paints margin to improve QoQ/YoY as full benefits of low input costs will be reflected in numbers.
Britannia Industries	45,329	43,796	3.5	40,107	13.0	7,888	7,117	10.8	6,889	14.5	5,210	4,906	6.2	4,555	14.4	
Colgate Palmolive	15,300	13,875	10.3	13,237	15.6	4,927	4,080	20.8	4,181	17.8	3,456	2,780	24.3	2,932	17.9	
Dabur India	32,403	29,865	8.5	31,305	3.5	6,513	6,007	8.4	6,047	7.7	5,029	4,909	2.5	4,566	10.1	
Avenue Supermarts	1,26,064	1,06,383	18.5	1,18,654	6.2	10,144	8,920	13.7	10,353	-2.0	6,409	6,858	-6.5	6,588	-2.7	
Emami	8,504	8,138	4.5	8,257	3.0	2,212	1,954	13.2	1,900	16.4	1,640	1,801	-9.0	1,377	19.0	Consumer demand & sentiments remained on lines of 1Q24 as high inflation and uncertainty on monsoons delayed rural demand recovery while urban demand remained resilient.
Hindustan Unilever	1,55,623	1,47,510	5.5	1,51,480	2.7	35,949	33,770	6.5	35,210	2.1	25,625	26,370	-2.8	25,000	2.5	
ITC	1,64,525	1,61,299	2.0	1,58,282	3.9	63,507	58,643	8.3	62,501	1.6	49,896	44,661	11.7	49,027	1.8	
Jubilant FoodWorks	13,485	12,868	4.8	13,097	3.0	2,819	3,125	-9.8	2,764	2.0	785	1,192	-34.1	752	4.5	
Kansai Nerolac Paints	19,594	18,143	8.0	20,712	-5.4	2,988	1,973	51.4	3,339	-10.5	2,001	1,173	70.7	2,269	-11.8	
Marico	24,586	24,960	-1.5	24,770	-0.7	4,917	4,330	13.5	5,740	-14.3	3,523	3,070	14.7	4,360	-19.2	Demand across discretionary categories like QSR, Apparel, Footwear and Retail remained under pressure, paints gained from tepid monsoons in August while Jewellery sales were impacted due to delay in marriage/festival season and Adhikmas.
Mold Tech Packaging	1,880	1,826	3.0	1,859	1.1	361	341	6.1	350	3.1	189	194	-2.5	187	1.0	
Nestle India	51,771	46,018	12.5	46,585	11.1	11,701	10,101	15.8	10,588	10.5	7,830	6,674	17.3	7,017	11.6	
Pidilite Industries	32,069	30,112	6.5	32,751	-2.1	7,296	4,999	46.0	7,070	3.2	5,134	3,378	52.0	4,737	8.4	
Restaurant Brands Asia	4,563	3,680	24.0	4,221	8.1	574	421	36.5	485	18.5	-164	-133	NA	-222	NA	
Titan Company	1,03,887	87,300	19.0	1,11,450	-6.8	12,778	12,340	3.5	11,030	15.8	8,590	8,570	0.2	7,770	10.6	Top Picks- Avenue supermarts, Titan, Nestle India
Westlife Development	6,412	5,724	12.0	6,145	4.3	1,092	959	13.8	1,042	4.8	325	315	3.1	288	12.7	
Total	8,97,337	8,26,072	8.6	8,74,735	2.6	1,94,848	1,71,357	13.7	1,90,701	2.2	1,38,653	1,24,755	11.1	1,36,951	1.2	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	
Education																
Navneet Education	3,279	3,298	-0.6	7,915	-58.6	184	326	-43.7	2,089	-91.2	36	-22	NA	1,449	-97.5	Education companies under our coverage universe are expected to report a muted quarter with 2.4% YoY decline in top-line. Softness in test preparation segment is likely to impact S Chand & Co (S Chand) while Navneet Education's (NELI) publishing business is expected to face a set-back amid fall in volumes, higher sales return and change in paper pattern of Gujarat board.
S Chand & Co	402	473	-15.0	1,111	-63.8	-406	-294	NA	135	NA	-375	-333	NA	26	NA	
Total	3,681	3,771	-2.4	9,025	-59.2	-222	32	NA	2,224	NA	-339	-355	NA	1,475	NA	
Healthcare																
Apollo Hospitals Enterprise	47,572	42,511	11.9	44,178	7.7	5,911	5,654	4.6	5,090	16.1	2,271	2,040	11.3	1,666	36.3	We remain structurally positive in the hospitals space and expect momentum to continue in FY24 with 1) improvement in occupancy, 2) better case- payor mix and 3) new capacity additions.
Aster DM Healthcare	31,495	28,163	11.8	32,154	-2.0	3,966	3,189	24.3	3,877	2.3	516	462	11.6	49	952.5	
Fortis Healthcare	17,605	16,072	9.5	16,574	6.2	3,328	3,029	9.9	2,725	22.1	1,611	2,044	-21.2	1,118	44.2	
HealthCare Global Enterprises	4,729	4,200	12.6	4,607	2.6	844	747	13.0	743	13.6	187	74	153.2	76	145.6	
Krishna Institute of Medical Sciences	6,258	5,641	10.9	6,060	3.3	1,721	1,524	12.9	1,571	9.6	911	823	10.7	808	12.7	
Max Healthcare Institute	16,315	14,720	10.8	16,220	0.6	4,526	4,000	13.1	4,290	5.5	3,156	5,110	-38.2	2,900	8.8	Our top picks in the sector are APHS, MAXHEALT and FORH.
Narayana Hrudayalaya	12,492	11,416	9.4	12,334	1.3	2,784	2,437	14.2	2,707	2.8	1,813	1,689	7.4	1,841	-1.5	
Total	1,36,465	1,22,722	11.2	1,32,127	3.3	23,079	20,580	12.1	21,002	9.9	10,464	12,241	-14.5	8,458	23.7	
Housing Finance																
Aavas Financiers	2,240	1,877	19.4	2,262	-1.0	1,547	1,394	11.0	1,464	5.7	1,160	1,068	8.6	1,097	5.7	HFC AuM could grow by 1.6% QoQ to Rs3.3trn, while NIM may decline by 25bps QoQ to 3.27%.
Can Fin Homes	2,978	2,512	18.6	2,851	4.5	2,496	2,161	15.5	2,476	0.8	1,472	1,417	3.8	1,835	-19.8	As recoveries are protracted in Q2,stage-3 may moderate by 11bps QoQ to 4.23% leading to provision increase of 10bps QoQ to 59bps.
LIC Housing Finance	20,677	11,698	76.7	22,123	-6.5	18,339	9,447	94.1	20,098	-8.8	11,557	3,050	279.0	13,237	-12.7	NIM for HFCs could improve in FY24E; disbursal growth is a key monitorable.
Total	25,895	16,087	61.0	27,235	-4.9	22,382	13,001	72.2	24,038	-6.9	14,189	5,535	156.3	16,168	-12.2	We prefer CANFIN.



(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	
Media																
Nazara Technologies	3,148	2,638	19.3	2,544	23.7	261	213	22.7	331	-21.0	106	102	4.2	195	-45.5	As 8 movies have breached Rs1bn mark, industry wide BO collections stood at record levels of ~Rs32.7bn in 2QFY24E. Accordingly, we expect PVR Inox to report standout performance with footfalls of 47mn (~30% occupancy) and pre-IND AS EBITDA margin of 19.2%. On broadcasting side, while ZEEL's performance is likely to be impacted by continued weakness in ad-environment, windfall from Gadar-2 (co-produced by Zee Studios) should aid performance in 2QFY24E.
PVR Inox	18,944	6,867	175.9	13,049	45.2	6,542	1,537	325.8	3,525	85.6	1,402	-712	NA	-816	NA	
Zee Entertainment	21,422	20,284	5.6	19,838	8.0	2,378	2,973	-20.0	1,549	53.5	1,080	1,595	-32.3	707	52.8	
Total	43,514	29,789	46.1	35,431	22.8	9,181	4,722	94.4	5,405	69.9	2,588	985	162.8	86	2,920.0	
Metals & Mining																
Hindalco Industries	5,54,246	5,61,760	-1.3	5,29,910	4.6	61,044	53,620	13.8	57,140	6.8	27,004	22,030	22.6	24,760	9.1	In 2QFY24, Metal universe is expected to report healthy performance YoY owing to lower raw material & energy prices, continued strong demand momentum despite seasonally weak monsoon quarter.
Jindal Stainless	1,06,136	56,045	89.4	1,01,840	4.2	12,427	3,583	246.9	11,924	4.2	7,302	1,591	359.0	7,458	-2.1	
Jindal Steel & Power	1,27,535	1,35,214	-5.7	1,25,883	1.3	22,904	19,314	18.6	26,280	-12.8	10,283	2,193	368.9	16,920	-39.2	Steel companies are expected to witness sequential improvement in EBITDA (~Rs700-1700/t) owing to lower coking prices while steel realisations are expected to be down 3-5% QoQ as steel prices declined sharply post March 2023.
JSW Steel	4,33,551	4,17,780	3.8	4,22,130	2.7	75,512	17,520	331.0	70,460	7.2	29,215	-12,434	NA	23,380	25.0	
National Aluminium Co.	31,790	34,896	-8.9	31,784	0.0	5,854	3,344	75.1	5,943	-1.5	3,654	1,701	114.8	3,494	4.6	
NMDC	46,366	33,285	39.3	53,947	-14.1	13,333	8,542	56.1	19,935	-33.1	9,889	8,888	11.3	16,612	-40.5	Non-ferrous companies would be affected by lower LME prices however lower thermal coal prices to drive EBITDA margin improvement.
Steel Authority of India	2,66,132	2,62,463	1.4	2,43,576	9.3	25,451	7,326	247.4	16,471	54.5	7,744	-3,858	NA	1,498	416.9	Key monitorables would be rising coking coal prices, progress on capex, outlook on demand from China & developed countries.
Tata Steel	5,27,693	5,98,775	-11.9	5,94,897	-11.3	47,789	60,603	-21.1	51,739	-7.6	337	13,063	-97.4	6,289	-94.6	
Total	20,93,448	21,00,218	-0.3	21,03,966	-0.5	2,64,314	1,73,852	52.0	2,59,893	1.7	95,429	33,174	187.7	1,00,411	-5.0	Our top picks are Hindalco, Jindal Steel and Power and Tata Steel.

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	
Travel & Tourism																
Chalet Hotels	3,213	2,478	29.7	3,108	3.4	1,196	851	40.6	1,098	8.9	376	145	160.0	467	-19.3	The overall demand environment was tepid given negligible auspicious wedding days as per Hindu calendar during the quarter. In addition, as 2QFY24 is a seasonally weak quarter from travel standpoint we expect VIP/Safari to report modest topline growth of 7%/20% respectively led by e-com channel given the ongoing festive sale (results in pre-stocking by channel partners).
InterGlobe Aviation	1,45,726	1,24,976	16.6	1,66,831	-12.7	22,965	757	2,933.3	51,690	-55.6	861	-15,833	NA	30,906	-97.2	
Indian Railway Catering and Tourism Corporation	10,611	8,058	31.7	10,018	5.9	3,610	3,049	18.4	3,430	5.2	2,847	2,260	25.9	2,841	0.2	
Lemon Tree Hotels	2,307	1,967	17.3	2,223	3.8	1,094	936	16.8	1,045	4.7	268	168	59.8	235	14.2	In a seasonally weak period, we expect 2QFY24 performance for our coverage universe to be a replica of previous quarter. We expect Chalet/Lemon Tree to report ARR of Rs10,150/Rs5,310 respectively with an occupancy of 71%.
Safari Industries (India)	3,779	3,149	20.0	4,267	-11.4	612	419	46.1	790	-22.5	368	259	41.9	499	-26.3	
V.I.P. Industries	5,508	5,147	7.0	6,361	-13.4	699	716	-2.3	806	-13.2	344	434	-20.8	320	7.4	
Total	1,71,144	1,45,776	17.4	1,92,807	-11.2	30,176	6,728	348.5	58,859	-48.7	5,063	-12,567	NA	35,268	-85.6	(average of 3 months) we expect gross spread of Rs2.5 (RASK less fuel CASK).
Oil & Gas																
Bharat Petroleum Corporation	1,388	1,148	20.9	1,130	22.9	109	20	441.7	158	-30.8	67	-3	NA	106	-36.8	OMC's operating profit is expected to decline with fall in marketing margins of petrol and diesel
GAIL (India)	336	385	-12.6	322	4.4	26	18	49.0	24	8.1	18	15	15.6	14	25.8	
Gujarat Gas	40	40	0.4	38	5.6	4	6	-36.1	4	5.9	2	4	-43.6	2	5.9	
Gujarat State Petronet	4	4	7.7	4	5.4	4	3	8.7	3	7.8	3	3	-8.8	2	25.0	Upstream companies like ONGC and OIL India are expected to maintain production volumes, net crude realization of ~US\$75/bbl post windfall tax, and gas realization at US\$6.5/mmBtu.
Hindustan Petroleum Corporation	1,371	1,084	26.5	1,120	22.5	59	-9	NA	95	-37.8	34	-22	NA	62	-45.0	
Indraprastha Gas	35	36	-1.5	34	2.8	6	5	20.8	6	-0.8	4	4	6.4	4	1.0	
Indian Oil Corporation	2,348	2,075	13.2	1,975	18.9	172	50	242.7	222	-22.5	96	-3	NA	138	-29.9	CGD earnings to remain flat with muted volumes and no significant price hikes/cuts except Gujarat Gas.
Mahanagar Gas	16	16	0.5	15	2.1	5	3	98.4	5	-3.8	3	2	109.0	4	-7.0	
Manglore Refinery Petrochemicals	196	246	-20.2	212	-7.3	30	-15	NA	21	44.7	18	-18	NA	10	77.7	
Oil India	59	58	1.7	46	26.4	23	18	24.7	23	-1.1	14	17	-16.8	16	-11.2	We expect RIL's O2C segment to report higher operating profits with higher refining margins, partly offsetted by weak petchem spreads.
Oil & Natural Gas Corporation	390	383	1.6	338	15.2	199	188	5.8	195	2.3	107	128	-16.3	100	7.2	
Petronet LNG	130	160	-18.7	117	11.4	10	12	-10.5	12	-11.2	7	7	-10.0	8	-15.2	
Reliance Industries	2,372	2,301	3.1	2,076	14.3	437	312	39.8	381	14.6	194	137	42.2	160	21.3	ONGC, GAIL, GSPL and Gujarat Gas remain our top picks.
Total	8,684	7,934	9.5	7,427	16.9	1,085	612	77.3	1,149	-5.6	569	272	108.7	626	-9.2	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	
Pharma																
Aurobindo Pharma	68,768	57,394	19.8	68,505	0.4	12,264	8,369	46.5	11,514	6.5	6,831	4,128	65.5	5,697	19.9	We expect pharmaceuticals companies under our coverage to report another strong quarter with EBITDA growth of 17% YoY (flat QoQ), mainly aided by new launches (gRevlimid, gSpiriva, etc) in US market and higher margins.
Cipla	65,287	58,285	12.0	63,289	3.2	15,626	13,023	20.0	14,939	4.6	10,246	7,889	29.9	9,957	2.9	
Divis Lab	19,025	18,545	2.6	17,780	7.0	5,845	6,210	-5.9	5,040	16.0	4,328	4,936	-12.3	3,560	21.6	
Dr. Reddy's Laboratories	68,102	63,057	8.0	67,384	1.1	19,974	18,943	5.4	20,450	-2.3	13,635	11,128	22.5	14,025	-2.8	
Eris Lifesciences	5,096	4,605	10.7	4,666	9.2	1,840	1,514	21.5	1,698	8.4	1,064	1,203	-11.5	949	12.1	
Glenmark Pharmaceuticals	35,003	33,752	3.7	34,017	2.9	6,476	6,215	4.2	6,313	2.6	2,438	2,604	-6.4	1,500	62.5	Benefits of INR depreciation vs USD (+3.6% YoY) will also aid profitability.
Indoco Remedies	4,423	4,330	2.1	4,265	3.7	743	879	-15.4	612	21.5	339	497	-31.9	244	38.9	
IPCA Labs	16,800	16,010	4.9	15,876	5.8	3,306	2,723	21.4	2,941	12.4	1,868	1,439	29.8	1,649	13.2	
JB Chem & Pharma	8,962	8,094	10.7	8,962	-	2,295	1,846	24.4	2,321	-1.1	1,414	1,111	27.3	1,423	-0.6	
Lupin	49,126	41,455	18.5	48,141	2.0	7,597	4,342	75.0	8,565	-11.3	3,480	1,297	168.2	4,523	-23.1	
Sun Pharmaceutical Industries	1,20,966	1,09,523	10.4	1,19,408	1.3	33,692	31,980	5.4	33,297	1.2	24,112	22,622	6.6	20,225	19.2	We expect the quarter to see easing of cost pressures which will aid margins YoY. Base business in US is likely to remain steady. On domestic formulation business; volumes offtake in acute and trade generic segments are likely to remain weak while benefit of price hike in NLEM portfolio and steady growth in chronic portfolio will be seen in few domestic focused companies.
Torrent Pharma	26,213	22,910	14.4	25,910	1.2	8,106	6,790	19.4	7,910	2.5	3,867	3,120	24.0	3,780	2.3	
Zydus Lifesciences	46,650	41,347	12.8	51,396	-9.2	11,697	8,153	43.5	15,324	-23.7	8,162	5,170	57.9	11,150	-26.8	
Total	5,34,420	4,79,308	11.5	5,29,599	0.9	1,29,462	1,10,987	16.6	1,30,924	-1.1	81,783	67,145	21.8	78,683	3.9	Our top picks remain SUNP, JBCP, ERIS and TRP.
Telecom																
Bharti Airtel	3,85,170	3,45,268	11.6	3,74,400	2.9	2,00,288	1,75,938	13.8	1,95,985	2.2	15,348	21,452	-28.5	16,125	-4.8	
Total	3,85,170	3,45,268	11.6	3,74,400	2.9	2,00,288	1,75,938	14	1,95,985	2.2	15,348	21,452	-28.5	16,125	-4.8	
Total (Rs bn)	17,962	16,236	10.6	16,445	9.2	3,256	2,440	33.5	3,396	-4.1	1,706	1,176	45.0	1,832	-6.9	

Source: Company, PL



PL Valuation

Sector /	Rating	Price	TP (Rs)	Upside	Mcap	Revenues (Rs bn)			PAT (Rs bn)			EBITDA (Rs bn)			EPS (Rs)			BVPS (Rs)			RoE (%)			RoCE (%)			PER (x)			P/BV (x)			EV/EBITDA (x)		
Company Name		(Rs)		(%)	(Rs bn)	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E			
Agri Chemicals																																			
Bayer Cropscience	Acc	5,330	4,720	(11.4)	239.3	51.4	56.0	61.6	6.8	7.5	8.5	9.2	10.3	11.6	150.4	167.0	188.7	604.0	710.8	827.3	25.8	25.4	24.5	32.3	31.9	30.9	35.4	31.9	28.2	8.8	7.5	6.4	24.9	21.9	19.1
Dhanuka Agritech	BUY	845	950	12.4	38.5	17.0	19.2	21.6	2.3	2.6	2.9	2.8	3.3	3.8	51.2	57.4	63.4	232.9	283.0	339.2	23.1	22.3	20.4	25.8	25.7	24.9	16.5	14.7	13.3	3.6	3.0	2.5	13.5	11.0	9.0
Godrej Agrovet	HOLD	495	420	(15.1)	95.1	93.7	100.4	109.2	2.3	3.0	4.1	5.2	5.9	7.2	12.0	15.9	21.1	121.6	128.0	139.6	10.0	12.7	15.8	9.0	10.7	13.4	41.1	31.2	23.4	4.1	3.9	3.5	20.7	18.1	14.7
Insecticides India	Acc	510	550	7.8	15.1	18.0	19.8	21.8	0.6	1.1	1.3	1.2	1.8	2.2	21.3	36.2	45.6	309.4	341.5	382.6	7.1	11.1	12.6	9.6	13.7	15.7	24.0	14.1	11.2	1.6	1.5	1.3	13.5	9.2	7.4
P.I. Industries	BUY	3,461	4,850	40.1	524.4	64.9	81.5	95.5	12.2	15.4	18.4	15.4	19.5	23.6	80.7	101.8	121.3	475.1	568.5	680.8	18.4	19.5	19.4	19.4	21.3	21.5	42.9	34.0	28.5	7.3	6.1	5.1	31.9	25.7	20.9
Rallis India	REDUCE	212	180	(15.0)	41.2	29.7	31.8	35.3	0.9	1.7	2.2	2.2	3.4	4.0	4.7	9.0	11.1	88.9	93.1	98.8	5.3	9.9	11.6	7.1	12.3	14.5	45.1	23.6	19.1	2.4	2.3	2.1	18.1	11.4	9.4
Sharda Cropchem	Acc	418	540	29.2	37.7	40.5	43.4	47.7	3.4	2.8	3.5	7.0	6.6	8.2	37.9	30.7	38.3	247.4	272.1	304.4	16.5	11.8	13.3	21.6	15.1	17.0	11.0	13.6	10.9	1.7	1.5	1.4	5.1	6.1	4.4
Sumitomo Chemical India	BUY	422	500	18.4	210.8	35.1	36.6	41.6	5.0	5.0	6.2	6.7	6.8	8.4	10.1	10.0	12.4	47.7	55.9	66.5	23.3	19.3	20.3	28.3	23.8	25.0	42.0	42.1	34.0	8.9	7.6	6.3	30.8	30.1	24.0
UPL	HOLD	622	650	4.5	466.4	535.8	541.2	583.0	37.1	39.1	49.1	111.6	115.0	129.9	49.5	52.1	65.4	358.1	395.5	446.2	15.3	13.8	15.6	16.7	16.4	18.8	12.6	11.9	9.5	1.7	1.6	1.4	6.0	5.5	4.6
Auto & Auto Ancillary																																			
Ashok Leyland	BUY	174	220	27.0	509.7	361.4	408.1	437.5	13.2	25.3	28.3	29.3	44.1	48.6	4.5	8.6	9.7	28.7	32.5	36.8	16.8	28.1	27.8	19.5	29.6	29.8	38.5	20.2	18.0	6.0	5.3	4.7	17.4	11.4	10.1
Bharat Forge	BUY	1,109	1,170	5.5	516.6	129.1	163.5	180.4	4.3	14.3	19.4	17.7	29.2	36.2	9.2	30.7	41.6	165.4	190.7	222.4	5.8	17.2	20.2	8.7	15.8	18.7	120.7	36.2	26.6	6.7	5.8	5.0	31.3	18.9	15.1
Bajaj Auto	REDUCE	5,038	4,750	(5.7)	1,425.4	364.3	426.8	489.8	55.8	67.9	78.2	65.5	80.9	94.4	197.2	239.8	276.5	898.6	978.4	1,079.9	21.4	25.6	26.9	23.9	29.0	30.9	25.5	21.0	18.2	5.6	5.1	4.7	18.5	14.8	12.5
CEAT	Acc	2,086	2,450	17.4	84.4	113.1	118.3	128.3	2.1	5.7	6.3	9.7	15.1	16.1	51.9	142.1	156.3	850.3	972.5	1,106.8	6.3	15.6	15.0	9.0	16.7	16.6	40.2	14.7	13.3	2.5	2.1	1.9	10.9	6.6	5.9
Eicher Motors	Acc	3,459	3,730	7.9	946.0	144.4	161.3	179.0	29.1	37.2	42.3	34.4	40.4	45.4	106.5	135.9	154.7	548.1	633.0	730.7	21.1	23.0	22.7	20.9	21.2	20.9	32.5	25.4	22.4	6.3	5.5	4.7	24.3	20.2	17.4
Endurance Technologies	Acc	1,576	1,820	15.5	221.7	88.0	104.3	117.6	4.9	7.6	9.7	10.4	14.1	17.1	34.7	54.2	68.7	313.7	361.1	423.1	11.7	16.1	17.5	13.3	18.2	20.2	45.5	29.1	22.9	5.0	4.4	3.7	21.0	15.1	12.0
Exide Industries	Acc	258	295	14.2	219.6	145.9	160.0	175.8	9.0	11.0	13.0	15.7	18.7	21.7	10.6	12.9	15.2	131.9	141.8	153.5	8.3	9.4	10.3	10.2	11.8	13.0	24.3	20.0	16.9	2.0	1.8	1.7	13.6	11.2	9.3
Hero Motocorp	Acc	2,977	3,575	20.1	594.9	338.1	372.3	405.1	29.1	38.5	41.5	39.9	51.0	56.5	145.6	192.9	207.6	835.9	920.0	1,022.6	17.9	22.0	21.4	20.5	25.1	25.1	20.4	15.4	14.3	3.6	3.2	2.9	13.1	9.9	8.8
Mahindra & Mahindra	BUY	1,538	1,775	15.4	1,842.5	849.6	1,006.7	1,111.2	80.4	101.4	111.8	104.4	132.9	150.0	67.1	84.6	93.3	361.9	428.5	501.8	19.7	21.4	20.1	15.6	18.7	18.5	22.9	18.2	16.5	4.2	3.6	3.1	16.9	13.2	11.4
Maruti Suzuki	BUY	10,375	11,500	10.8	3,133.3	1,175.2	1,412.0	1,561.0	80.5	110.5	132.0	110.1	152.0	184.8	266.5	365.7	437.2	1,999.4	2,260.2	2,577.4	14.1	17.2	18.1	14.1	18.4	20.3	38.9	28.4	23.7	5.2	4.6	4.0	24.3	16.8	13.3
Tata Motors	BUY	631	760	20.5	2,415.1	3,459.7	4,415.5	4,743.6	7.2	196.2	233.5	318.2	588.5	649.9	1.9	51.2	61.0	118.3	171.9	232.9	1.6	35.3	30.1	3.8	16.0	16.0	335.5	12.3	10.3	5.3	3.7	2.7	10.1	5.3	4.6
TVS Motor Company	Acc	1,528	1,560	2.1	726.0	263.8	314.4	353.5	14.1	19.7	25.6	26.7	33.8	41.9	29.7	41.5	53.8	127.3	163.8	211.6	26.0	28.5	28.7	24.3	26.5	28.8	51.4	36.8	28.4	12.0	9.3	7.2	28.3	22.1	17.5
Banks																																			
Axis Bank	BUY	1,012	1,170	15.6	3,114.5	429.5	480.1	539.6	219.3	224.2	259.9	321.4	347.3	416.8	71.3	72.8	84.2	406.2	480.9	544.7	18.3	16.4	16.4	1.8	1.6	1.7	14.2	13.9	12.0	2.5	2.1	1.9	-	-	-
Bank of Baroda	BUY	214	235	9.7	1,109.6	413.6	446.3	496.7	141.1	144.4	162.1	268.6	283.3	324.0	27.3	27.9	31.3	178.4	206.5	226.9	16.5	14.5	14.4	1.0	0.9	0.9	7.9	7.7	6.8	1.2	1.0	0.9	-	-	-
City Union Bank	Acc	135	160	18.7	99.8	21.6	21.9	24.6	9.4	10.5	11.2	18.2	17.3	19.4	12.7	13.9	15.2	100.7	114.6	128.4	13.4	12.9	12.5	1.5	1.5	1.5	10.6	9.7	8.9	1.3	1.2	1.0	-	-	-
DCB Bank	BUY	122	150	22.8	38.4	17.2	19.5	22.7	4.7	5.2	7.1	7.9	8.7	12.1	14.8	16.5	22.5	135.7	151.1	167.1	11.5	11.5	14.1	1.0	0.9	1.0	8.3	7.4	5.4	0.9	0.8	0.7	-	-	-
Federal Bank	BUY	148	175	18.3	313.1	72.3	82.6	98.8	30.1	33.5	39.9	47.9	52.9	64.6	14.2	13.8	16.4	101.6	119.1	128.4	14.9	13.3	13.3	1.3	1.2	1.2	10.4	10.7	9.0	1.5	1.2	1.2	-	-	-
HDFC Bank	BUY	1,525	2,025	32.8	11,421.2	1,060.9	1,155.9	1,379.1	561.0	598.1	709.2	872.7	983.2	1,097.6	74.9	79.7	94.6	507.4	570.9	643.7	15.8	14.8	15.6	1.9	1.7	1.8	20.4	19.1	16.1	3.0	2.7	2.4	-	-	-
ICICI Bank	BUY	951	1,180	24.1	6,643.1	621.3	717.6	797.5	319.0	362.3	403.4	490.9	537.8	611.6	45.7	51.8	58.0	283.0	333.8	372.5	17.5	16.8	16.4	2.1	2.1	2.0	20.8	18.4	16.4	3.4	2.8	2.6	-	-	-
IndusInd Bank	BUY	1,421	1,530	7.7	1,165.2	175.9	200.1	228.3	73.9	86.7	103.7	143.5	158.9	182.8	90.1	111.8	126.5	662.3	817.1	863.5	14.5	14.7	15.5	1.7	1.8	1.8	15.8	12.7	11.2	2.1	1.7	1.6	-	-	-
Kotak Mahindra Bank	BUY	1,756	2,250	28.1	3,700.4	215.5	253.7	295.3	109.4	123.3	137.8	148.5	178.0	200.0	51.9	62.0	69.3	394.0	480.0	543.0	14.0	13.7	13.5	2.4	2.3	2.2	33.8	28.3	25.3	4.5	3.7	3.2	-	-	-
State Bank of India	BUY	592	770	30.1	5,280.2	1,448.4	1,599.7	1,721.8	508.2	566.4	579.2	837.1	873.0	951.0	56.9	63.5	64.9	336.0	399.4	442.5	18.3	17.3	15.4	1.0	1.0	0.9	10.4	9.3	9.1	1.8	1.5	1.3	-	-	-
Building Materials																																			
Astral Ltd.	HOLD	1,912	1,983	3.7	514.2	51.6	60.2	71.1	4.6	6.5	8.3	8.1	10.4	12.8	17.0	24.3	31.0	110.0	132.0	160.8	17.2	20.1	21.2	23.9	26.3	27.6	112.2	78.7	61.6	17.4	14.5	11.9	62.8	49.1	39.2
Century Plyboard (I)	BUY	639	855	33.8	142.3	36.5	39.5	46.8	3.8	4.1	5.1	5.6	6.5	8.0	17.2	18.6	22.8	86.0	102.6	122.9	22.1	19.7	20.3	26.1	22.7	22.3	37.1	34.4	28.0	7.4	6.2	5.2	25.5	22.8	18.2
Cera Sanitaryware	Acc	8,221	8,865	7.7	106.9	18.0	21.2	24.8	2.2	2.6	3.1	2.9	3.5	4.1	166.1	203.1	235.0	901.6	1																



Sector /	Rating	Price	TP (Rs)	Upside	Mcap	Revenues (Rs bn)			PAT (Rs bn)			EBITDA (Rs bn)			EPS (Rs)			BVPS (Rs)			RoE (%)			RoCE (%)			PER (x)			P/BV (x)			EV/EBITDA (x)		
Company Name		(Rs)		(%)	(Rs bn)	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E			
Capital Goods																																			
ABB India	Acc	4,193	5,013	19.6	888.4	85.7	103.8	125.4	7.7	11.4	14.1	9.6	14.0	17.3	36.4	53.7	66.6	233.1	267.6	310.6	17.2	21.5	23.0	19.0	24.0	25.8	115.1	78.0	62.9	18.0	15.7	13.5	88.4	60.7	49.1
Bharat Electronics	Acc	140	140	0.0	1,023.0	176.5	206.5	240.1	30.1	33.8	40.6	40.5	45.4	54.0	4.1	4.6	5.6	18.6	20.7	23.7	23.5	23.6	25.0	28.5	28.6	30.4	34.0	30.2	25.2	7.5	6.8	5.9	23.3	20.7	17.3
BHEL	Reduce	131	67	(49.0)	456.8	233.6	280.8	324.9	4.5	8.8	15.5	7.2	14.6	23.2	1.3	2.5	4.5	78.3	80.4	84.5	1.7	3.2	5.4	1.4	3.3	5.4	102.1	51.8	29.4	1.7	1.6	1.6	62.1	30.2	18.8
Carborundum Universal	BUY	1,150	1,482	28.9	218.3	46.5	51.2	60.0	4.0	4.9	6.4	6.5	7.9	10.0	20.8	25.6	33.6	148.5	170.6	198.6	15.3	16.1	18.2	16.5	17.8	20.4	55.2	44.9	34.2	7.7	6.7	5.8	33.2	27.1	21.1
Engineers India	Acc	140	165	18.1	78.5	33.3	37.5	42.4	3.5	4.2	5.5	3.1	4.1	5.6	6.2	7.5	9.7	34.9	39.0	44.4	18.6	20.4	23.3	15.1	18.4	22.2	22.7	18.5	14.4	4.0	3.6	3.1	21.5	15.6	11.4
GE T&D India	HOLD	395	260	(34.2)	101.2	27.7	34.4	41.5	0.0	1.4	2.2	1.0	2.6	3.6	-0.1	5.6	8.7	41.9	46.6	53.1	-0.2	12.6	17.4	3.5	14.5	20.3	(4,763.2)	70.7	45.6	9.4	8.5	7.4	101.7	39.7	28.0
Grindwell Norton	BUY	2,127	2,604	22.4	235.5	25.4	29.6	34.4	3.6	4.3	5.1	5.0	5.9	7.0	32.7	38.8	46.3	163.1	187.4	216.3	21.5	22.2	23.0	25.5	26.1	27.2	65.1	54.8	45.9	13.0	11.3	9.8	46.1	38.8	32.5
Harsha Engineers Internatio	Acc	411	474	15.3	37.5	13.6	15.1	17.3	1.2	1.5	2.0	1.9	2.3	2.8	13.5	16.7	21.6	117.7	133.4	152.5	15.5	13.3	15.1	17.2	16.0	18.0	30.4	24.6	19.1	3.5	3.1	2.7	19.2	15.7	12.3
KEC International	HOLD	665	645	(2.9)	170.9	172.8	199.1	228.7	1.8	5.3	11.1	8.3	13.8	21.2	6.8	20.5	43.0	146.7	163.9	197.5	4.8	13.2	23.8	10.6	12.2	17.8	97.1	32.4	15.5	4.5	4.1	3.4	24.3	14.6	9.6
Cummins India	HOLD	1,707	1,788	4.8	473.2	77.4	86.8	97.2	11.4	12.6	14.2	12.4	14.2	16.2	41.1	45.4	51.1	193.7	209.1	225.9	22.3	22.5	23.5	20.0	21.2	22.4	41.5	37.6	33.4	8.8	8.2	7.6	36.4	31.9	27.9
Kalpataru Projects Internatio	BUY	638	732	14.8	103.6	143.4	184.0	211.7	4.9	6.5	8.6	11.6	15.1	18.6	30.4	40.2	53.2	327.5	361.7	406.9	9.6	11.7	13.8	10.8	13.2	15.2	21.0	15.8	12.0	1.9	1.8	1.6	10.8	8.4	6.9
Larsen & Toubro	BUY	3,076	3,302	7.3	4,321.9	1,833.4	2,117.4	2,334.6	103.7	129.4	152.3	207.5	247.2	281.3	73.8	92.1	108.4	635.7	719.1	813.0	12.1	13.6	14.2	8.3	9.7	10.5	41.7	33.4	28.4	4.8	4.3	3.8	23.7	19.9	17.3
Praj Industries	Acc	586	618	5.5	107.6	35.3	39.7	43.7	2.4	3.0	3.4	3.1	4.0	4.6	13.1	16.4	18.7	58.7	68.5	79.7	24.1	25.8	25.2	27.8	30.9	30.4	44.9	35.7	31.4	10.0	8.5	7.3	33.0	25.5	22.1
Siemens	Acc	3,591	4,241	18.1	1,278.4	161.4	194.1	208.7	12.6	19.3	21.2	17.6	25.5	27.6	35.4	54.2	59.6	326.1	365.2	409.5	11.5	15.7	15.4	13.1	18.0	17.4	101.3	66.2	60.3	11.0	9.8	8.8	69.0	47.4	43.5
Thermax	HOLD	2,918	2,613	(10.5)	328.6	80.9	89.3	97.7	4.5	5.8	6.8	6.0	7.9	9.2	40.0	51.8	60.8	343.5	378.2	420.1	12.2	14.3	15.2	11.2	13.0	13.6	72.9	56.4	48.0	8.5	7.7	6.9	52.1	39.9	34.1
Triveni Turbine	Acc	385	419	8.8	122.3	12.5	16.3	20.4	2.0	2.6	3.6	2.4	3.2	4.4	6.2	8.3	11.3	23.9	29.3	36.6	24.2	31.0	34.3	26.9	35.5	39.6	62.5	46.6	34.0	16.1	13.1	10.5	48.8	35.6	26.0
Voltamp Transformers	HOLD	4,391	4,611	5.0	44.4	13.9	15.9	18.1	2.0	2.0	2.3	2.3	2.3	2.7	197.6	199.4	230.6	1,094.4	1,224.0	1,380.8	19.5	17.2	17.7	21.6	18.7	19.3	22.2	22.0	19.0	4.0	3.6	3.2	18.9	18.9	16.3
Chemicals																																			
Aarti Industries	HOLD	477	472	(0.9)	172.8	66.2	70.0	78.1	5.5	5.5	6.1	10.9	12.0	14.9	15.0	15.2	16.9	135.7	146.0	157.8	11.6	10.8	11.1	10.5	9.6	10.3	31.7	31.3	28.3	3.5	3.3	3.0	18.3	17.5	14.6
Clean Science and Technol	HOLD	1,380	1,418	2.7	146.6	9.4	8.3	9.2	3.0	2.4	2.7	4.0	3.5	3.8	27.8	22.9	25.1	95.1	113.8	134.4	33.2	21.9	20.2	41.2	27.2	25.3	49.7	60.3	54.9	14.5	12.1	10.3	36.4	41.9	37.9
Deepak Nitrite	Reduce	2,066	1,803	(12.7)	281.7	79.7	85.9	95.3	8.5	8.6	11.2	12.9	13.8	17.7	62.5	62.8	82.0	299.9	355.1	427.2	22.9	19.2	21.0	28.9	24.7	27.3	33.1	32.9	25.2	6.9	5.8	4.8	21.9	20.7	16.2
Fine Organic Industries	HOLD	4,844	4,594	(5.2)	148.5	30.3	30.6	31.1	5.9	5.1	4.7	7.8	6.7	6.2	192.6	165.1	153.1	496.5	612.0	719.2	47.6	29.8	23.0	57.2	35.8	27.6	25.1	29.3	31.6	9.8	7.9	6.7	18.4	21.1	22.2
Gujarat Fluorochemicals	Acc	2,798	3,230	15.4	307.4	56.8	50.2	69.9	12.5	8.6	13.7	19.7	14.9	22.8	113.5	78.1	124.7	502.6	577.6	696.1	25.5	14.5	19.6	27.0	16.0	21.9	24.7	35.8	22.4	5.6	4.8	4.0	16.3	21.4	14.0
Jubilant Ingrevia	HOLD	483	462	(4.3)	76.8	47.7	51.1	60.8	3.1	3.2	4.3	5.5	5.7	7.4	19.3	19.9	26.9	167.7	184.1	206.4	12.1	11.3	13.8	14.8	13.4	15.7	25.0	24.3	18.0	2.9	2.6	2.3	14.6	14.2	11.3
Laxmi Organic Industries	Reduce	271	252	(7.2)	71.9	28.0	29.4	34.1	1.2	1.9	2.4	2.4	3.6	4.4	4.7	7.3	9.2	53.2	60.2	68.5	9.2	12.9	14.4	10.7	13.6	16.1	57.7	37.0	29.3	5.1	4.5	4.0	30.4	20.4	16.3
Navin Fluorine International	Acc	3,703	4,128	11.5	183.5	20.8	24.6	31.0	3.8	4.1	5.7	5.5	6.4	8.3	75.7	83.7	114.4	441.0	511.4	607.6	18.6	17.6	20.4	19.6	16.9	20.2	48.9	44.3	32.4	8.4	7.2	6.1	34.8	30.2	23.3
NOCIL	HOLD	222	228	3.0	36.9	16.2	17.1	18.9	1.5	1.7	1.9	2.5	2.7	3.1	9.0	10.0	11.5	93.1	100.1	108.7	10.0	10.3	11.0	13.1	13.2	14.2	24.8	22.2	19.2	2.4	2.2	2.0	13.7	12.3	10.5
SRF	HOLD	2,230	2,143	(3.9)	661.1	148.7	140.0	159.1	21.6	16.8	19.3	35.3	31.1	35.9	72.9	56.7	65.2	348.4	398.1	455.3	22.9	15.2	15.3	22.1	15.2	15.4	30.6	39.3	34.2	6.4	5.6	4.9	19.7	22.4	19.6
Vinati Organics	Acc	1,828	1,974	8.0	187.9	20.8	20.3	25.2	4.6	4.2	5.1	6.0	5.6	6.8	44.6	40.7	49.3	215.9	250.2	291.8	22.6	17.5	18.2	26.7	19.8	20.6	41.0	44.9	37.0	8.5	7.3	6.3	31.6	33.5	27.2
Consumer Durables																																			
Bajaj Electricals	BUY	1,060	1,421	34.0	122.0	48.8	54.9	62.9	2.3	2.9	4.1	3.7	4.3	5.9	19.9	25.2	35.7	170.4	191.5	222.2	12.4	13.9	17.2	19.2	20.6	24.7	53.2	42.1	29.7	6.2	5.5	4.8	31.5	26.4	18.9
Crompton Greaves Consum	BUY	298	401	34.7	189.6	68.7	74.4	86.1	4.6	5.2	6.8	7.7	8.2	10.0	7.3	8.0	10.4	41.8	45.4	50.5	18.1	18.6	21.8	18.5	21.2	26.5	40.9	37.2	28.5	7.1	6.6	5.9	25.1	23.2	18.5
Havells India	Acc	1,399	1,538	9.9	876.7	169.1	193.8	222.4	10.7	13.9	17.5	16.0	20.1	24.7	17.1	22.2	28.0	105.8	123.5	144.0	17.0	19.4	20.9	22.7	26.5	28.5	81.8	62.9	50.0	13.2	11.3	9.7	53.5	42.3	33.9
KEI Industries	BUY	2,684	2,908	8.3	242.1	69.1	82.4	96.2	4.8	6.2	7.4	7.1	9.1	10.8	52.8	68.8	82.0	287.1	349.7	425.2	20.2	21.6	21.2	26.0	28.7	28.0	50.8	39.0	32.7	9.3	7.7	6.3	33.7	26.2	22.1
Polycab India	Acc	5,205	5,665	8.8	779.6	141.1	173.7	200.8																											



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)		
						2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E			
Education																																			
Navneet Education	BUY	168	205	21.9	38.0	17.0	19.3	21.4	1.4	2.1	2.6	3.0	3.7	4.4	6.2	9.2	11.4	50.9	57.9	66.5	13.0	17.0	18.3	19.8	21.0	23.1	27.1	18.2	14.8	3.3	2.9	2.5	13.6	11.0	9.0
S Chand and Company	BUY	271	338	24.7	9.5	6.1	7.2	8.6	0.3	0.6	0.9	1.0	1.3	1.7	9.3	18.0	26.1	254.8	269.8	292.9	3.8	6.9	9.3	4.1	6.5	8.7	29.1	15.0	10.4	1.1	1.0	0.9	10.3	7.3	5.4
Media																																			
Nazara Technologies	HOLD	868	836	(3.7)	57.5	10.9	13.5	15.8	0.4	0.8	1.0	1.1	1.7	2.1	6.2	11.1	13.2	166.8	230.9	244.1	3.9	5.8	5.6	4.0	7.8	8.6	138.9	77.9	65.8	5.2	3.8	3.6	47.3	27.7	21.7
PVR Inox	BUY	1,687	1,862	10.3	165.2	37.5	64.0	73.9	-3.2	2.9	5.4	10.5	21.4	25.3	-33.1	29.3	55.0	748.7	775.4	827.9	-4.6	3.8	6.6	2.0	6.7	8.7	(50.9)	57.6	30.7	2.3	2.2	2.0	23.1	11.4	9.6
Zee Entertainment Enterprise	BUY	259	314	21.0	248.9	80.9	86.3	94.7	5.8	5.6	10.8	11.0	10.7	17.1	6.0	5.9	11.2	111.6	115.4	123.8	5.4	5.2	9.4	7.2	6.8	11.8	42.8	44.2	23.1	2.3	2.2	2.1	22.1	22.7	14.1
Metals & Mining																																			
Hindalco Industries	BUY	481	557	15.8	1,067.0	2,232.0	2,129.6	2,309.1	100.6	85.1	111.6	228.9	213.6	260.6	45.3	38.3	50.3	427.1	462.4	509.1	11.6	8.6	10.4	11.4	9.3	11.4	10.6	12.5	9.6	1.1	1.0	0.9	6.3	6.6	5.2
Jindal Stainless	BUY	464	484	4.2	382.1	357.0	425.1	483.7	21.1	31.0	37.2	35.9	53.5	61.1	25.7	37.7	45.2	144.9	181.6	225.7	19.4	23.1	22.2	20.2	26.9	26.8	18.1	12.3	10.3	3.2	2.6	2.1	11.4	7.5	6.2
Jindal Steel & Power	BUY	693	812	17.2	696.7	527.1	557.0	664.2	45.2	54.7	73.1	99.3	108.6	133.1	45.0	54.4	72.7	385.1	436.6	505.3	12.2	13.2	15.4	14.7	16.3	19.0	15.4	12.7	9.5	1.8	1.6	1.4	7.7	7.0	5.5
JSW Steel	BUY	772	925	19.8	1,865.9	1,659.6	1,834.9	2,085.0	35.5	143.2	187.0	185.5	329.1	400.8	14.7	59.3	77.4	271.8	327.6	400.0	5.3	19.8	21.3	7.7	16.5	18.6	52.5	13.0	10.0	2.8	2.4	1.9	13.3	7.5	6.0
National Aluminium Co.	Acc	97	97	(0.1)	178.2	142.3	129.9	136.2	15.6	16.4	18.9	24.3	26.9	31.3	8.5	8.9	10.3	72.1	77.2	83.2	12.1	12.0	12.8	15.3	16.0	17.1	11.4	10.9	9.4	1.3	1.3	1.2	6.5	6.0	5.2
NMDC	Acc	150	147	(2.3)	440.3	176.7	218.1	225.8	46.4	51.8	51.6	60.6	68.8	68.6	15.8	17.7	17.6	77.2	86.9	94.5	22.8	21.5	19.4	30.0	28.9	26.9	9.5	8.5	8.5	1.9	1.7	1.6	6.3	5.3	5.1
Steel Authority of India	Acc	89	94	6.1	366.8	1,044.5	1,101.1	1,237.8	16.5	37.2	45.7	80.2	112.9	125.6	4.0	9.0	11.1	126.2	132.7	141.3	3.2	7.0	8.1	5.6	8.8	9.8	22.3	9.8	8.0	0.7	0.7	0.6	8.8	5.9	5.3
Tata Steel	BUY	125	144	14.8	1,530.2	2,433.5	2,476.5	2,635.3	86.5	75.7	171.6	323.0	306.0	411.0	7.1	6.2	14.1	84.4	87.0	97.1	8.0	7.2	15.3	12.6	11.5	16.9	17.7	20.2	8.9	1.5	1.4	1.3	6.6	7.2	5.2
Oil & Gas																																			
Bharat Petroleum Corporation	HOLD	340	353	3.7	0.7	4.7	4.6	4.2	0.0	0.2	0.1	0.1	0.3	0.2	10.2	103.8	42.5	255.7	310.5	334.8	4.0	36.7	13.2	2.7	23.7	7.8	33.4	3.3	8.0	1.3	1.1	1.0	13.8	3.5	7.1
GAIL (India)	BUY	123	136	10.9	0.8	1.4	1.3	1.4	0.1	0.1	0.1	0.1	0.1	0.1	8.1	11.7	14.1	84.3	92.8	102.7	9.6	13.2	14.4	6.4	11.8	13.2	15.2	10.5	8.7	1.5	1.3	1.2	14.1	8.6	7.3
Gujarat Gas	Acc	423	480	13.4	0.3	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	22.2	15.9	20.0	101.6	112.8	126.7	24.2	14.8	16.7	30.0	19.0	21.8	19.1	26.6	21.2	4.2	3.8	3.3	11.9	15.0	12.0
Gujarat State Petronet	BUY	287	327	14.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.8	17.9	18.6	164.4	177.1	190.1	10.7	10.5	10.1	12.0	12.8	12.3	17.1	16.0	15.4	1.7	1.6	1.5	12.3	10.6	9.9
Hindustan Petroleum Corpora	HOLD	252	263	4.5	0.4	4.4	4.6	4.3	-0.1	0.1	0.1	-0.1	0.2	0.1	-49.2	99.1	48.9	227.4	300.2	336.3	-19.0	37.6	15.4	-12.7	16.2	6.8	(5.1)	2.5	5.1	1.1	0.8	0.7	(14.2)	4.6	7.4
Indraprastha Gas	HOLD	459	539	17.5	0.3	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	20.6	25.2	27.3	101.2	118.9	138.0	20.6	22.9	21.3	23.9	28.0	26.0	22.2	18.2	16.8	4.5	3.9	3.3	14.4	11.6	10.7
Indian Oil Corporation	HOLD	88	97	9.6	1.2	8.4	9.2	10.2	0.1	0.3	0.2	0.3	0.6	0.4	8.5	24.9	12.4	101.5	115.5	123.3	8.6	22.9	10.4	6.5	15.3	6.9	10.4	3.6	7.1	0.9	0.8	0.7	8.5	4.1	6.4
Mahanagar Gas	HOLD	1,109	1,056	(4.8)	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	80.0	115.5	88.0	418.5	487.8	540.6	20.4	25.5	17.1	24.5	32.3	21.2	13.9	9.6	12.6	2.6	2.3	2.1	9.1	6.2	7.7
Manglore Refinery Petroche	HOLD	96	79	(18.5)	0.2	1.1	1.0	1.0	0.0	0.0	0.0	0.1	0.1	0.0	15.1	22.9	13.8	56.1	73.7	84.2	31.0	35.3	17.4	21.7	22.5	12.7	6.4	4.2	7.0	1.7	1.3	1.1	4.7	3.9	5.4
Oil India	BUY	319	341	6.7	0.4	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	60.3	45.3	45.5	304.0	330.5	357.1	21.2	14.3	13.2	18.6	13.4	12.5	5.3	7.1	7.0	1.1	1.0	0.9	4.7	5.5	5.4
Oil & Natural Gas Corporat	BUY	184	202	10.1	2.4	6.8	6.5	6.8	0.2	0.6	0.5	0.9	1.1	1.1	19.2	45.0	41.6	218.7	248.4	273.6	9.1	19.3	15.9	15.7	18.3	16.1	9.6	4.1	4.4	0.8	0.7	0.7	3.9	2.8	2.6
Petronet LNG	BUY	225	225	0.2	0.3	0.6	0.6	0.5	0.0	0.0	0.0	0.0	0.0	0.0	21.6	18.9	18.8	99.6	109.7	119.8	22.8	18.1	16.4	28.8	22.7	20.1	10.4	11.9	12.0	2.3	2.1	1.9	5.8	6.2	5.9
Reliance Industries	BUY	2,308	2,913	26.2	15.6	8.8	9.5	10.6	0.7	0.7	0.8	1.4	1.6	1.8	98.6	107.0	119.0	1,213.6	1,313.2	1,424.5	8.3	8.5	8.7	9.3	9.7	10.1	23.4	21.6	19.4	1.9	1.8	1.6	12.8	11.4	10.2
Pharma																																			
Aurobindo Pharma	Acc	901	900	(0.1)	527.9	248.6	279.3	299.9	19.3	28.3	33.1	37.6	51.4	57.5	32.9	48.3	56.4	458.1	500.6	548.8	7.5	10.1	10.8	8.6	11.7	12.5	27.4	18.7	16.0	2.0	1.8	1.6	13.7	10.2	9.0
Cipla	BUY	1,155	1,220	5.6	932.3	227.5	250.7	276.4	29.8	35.4	40.7	50.3	57.0	64.2	37.0	43.9	50.4	290.0	323.0	361.4	13.5	14.3	14.7	16.7	17.7	18.3	31.2	26.3	22.9	4.0	3.6	3.2	18.4	15.9	13.8
Divi's Laboratories	Reduce	3,714	3,000	(19.2)	985.8	77.7	79.5	92.2	18.2	18.1	22.7	23.7	24.5	30.7	68.7	68.3	85.7	481.0	511.8	555.4	14.9	13.8	16.1	16.5	15.6	18.5	54.1	54.4	43.3	7.7	7.3	6.7	39.9	38.5	30.6
Dr. Reddy's Laboratories	Reduce	5,479	5,150	(6.0)	912.7	245.9	269.0	289.1	45.1	48.1	51.2	64.6	71.1	75.7	270.5	288.6	307.4	1,386.5	1,629.1	1,884.7	21.4	19.1	17.5	22.2	21.7	19.9	20.3	19.0	17.8	4.0	3.4	2.9	13.4	11.9	10.7
Eris Lifesciences	BUY	894	910	1.8	121.6	16.9	20.1	22.7	3.8	4.0	4.5	5.4	7.0	8.1	28.1	29.5	33.2	161.5	184.0	210.2	18.6	17.1	16.9	16.9	17.9	20.9	31.8	30.3	26.9	5.5	4.9	4.3	24.0	17.9	15.1
Glenmark Pharmaceuticals	Reduce	786	570	(27.5)	221.7	129.9	142.9	155.5	3.0	9.9	11.8	22.8	26.0	29.2	37.7	35.0	41.7	335.8	366.0	403.1	3.2	10.0	10.8	12.5	13.7	14.6	20.9	22.5	18.9	2.3	2.1	1.9	11.0	9.5	8.3
Indoco Remedies	BUY	335	380	13.6	30.8	16.7	18.4	20.8	1.4	1.5	1.9	2.9	3.1	3.7	15.4	16.5	21.0	111.6	125.8	144.6	14.7	13.9	15.6	17.3	16.4	18.3	21.7	20.3	15.9	3.0	2.7	2.3	11.8	10.7	9.0
Ipsca Laboratories	HOLD	952	880	(7.5)	241.4	62.4	67.0	93.6	4.8	6.7	9.1	9.6	12.7	18.6	18.9	26.4	35.8	230.3	248.1	272.9	8.5	11.1	13.7	10.3	12.7	17.3	50.4	36.0	26.6	4.1	3.8	3.5	24.4	19.7	13.3
J.B. Chemicals & Pharmaco	BUY	1,474	1,500	1.8	228.2	31.5	35.9	40.8	4.1	5.6	7.2	7.0	9.0	10.8	26.5	36.3	46.8	160.2	181.5	213.3	17.8	21.2	23.7	22.4	25.3	28.8	55.7	40.6	31.5	9.2	8.1	6.9	33.2	25.3	20.7
Lupin	HOLD	1,155	1,010	(12.6)	525.7	166.4	193.3	208.9	4.3	15.7	19.0	17.2	32.4	36.2	9.5	34.6																			



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)		
						2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E			
Hospitals																																			
Apollo Hospitals Enterprise	BUY	5,064	5,800	14.5	728.1	166.1	193.8	226.5	8.2	9.6	15.8	20.5	25.2	33.6	57.0	67.0	109.7	431.0	478.4	565.9	13.9	14.7	21.0	16.7	20.2	26.7	88.9	75.6	46.2	11.7	10.6	8.9	36.3	29.8	22.2
Aster DM Healthcare	BUY	327	345	5.6	163.2	119.3	132.7	144.4	4.2	5.1	7.6	15.7	18.5	21.3	9.5	11.6	16.5	89.0	97.0	109.8	10.1	11.1	14.6	12.2	14.3	16.4	34.4	28.3	19.8	3.7	3.4	3.0	11.6	9.9	8.4
Fortis Healthcare	BUY	333	365	9.5	251.7	63.0	69.1	77.4	5.2	6.6	8.3	11.0	12.8	15.1	6.8	8.7	11.0	95.9	104.7	115.7	7.7	8.7	10.0	10.4	11.5	13.2	48.9	38.2	30.2	3.5	3.2	2.9	23.2	19.8	16.3
HealthCare Global Enterpris	BUY	361	385	6.8	50.2	16.9	18.8	21.5	0.3	0.8	1.3	3.0	3.5	4.2	2.1	5.8	9.2	61.9	67.6	76.8	3.4	8.9	12.8	10.7	13.6	17.1	171.0	62.6	39.1	5.8	5.3	4.7	17.5	15.3	12.6
Krishna Institute of Medical S	BUY	1,924	2,000	3.9	154.0	22.0	24.8	29.6	3.2	3.6	4.2	6.0	6.9	8.2	40.2	45.0	53.0	208.6	247.8	292.7	21.0	19.7	19.6	25.3	22.9	23.4	47.9	42.7	36.3	9.2	7.8	6.6	26.3	23.0	19.4
Max Healthcare Institute	BUY	555	610	9.9	538.9	58.8	65.8	78.0	13.7	12.5	15.1	16.1	18.0	21.2	14.1	12.9	15.5	83.1	96.0	111.5	18.5	14.4	14.9	16.4	16.3	17.3	39.4	43.1	35.8	6.7	5.8	5.0	33.0	29.3	24.5
Narayana Hrudayalaya	BUY	1,062	1,110	4.5	217.1	45.2	49.9	55.8	6.1	7.0	8.0	9.7	11.0	12.4	29.7	34.3	39.0	104.3	137.4	175.2	33.5	28.4	24.9	30.7	26.2	24.6	35.8	31.0	27.3	10.2	7.7	6.1	22.9	20.2	17.6
Travel & Tourism																																			
Chalet Hotels	BUY	600	656	9.4	122.9	11.3	15.3	17.5	1.4	2.8	3.6	4.5	6.5	7.7	6.9	13.6	17.4	75.3	91.2	106.9	9.8	16.3	17.6	8.2	10.5	12.3	87.2	44.1	34.4	8.0	6.6	5.6	33.0	23.2	19.2
InterGlobe Aviation	BUY	2,510	2,701	7.6	967.8	544.5	645.0	719.6	-3.1	67.1	85.2	68.2	153.0	185.9	-7.9	174.1	221.0	-162.0	12.1	233.0	5.0	-232.2	180.3	-45.8	#####	177.4	(316.5)	14.4	11.4	(15.5)	208.1	10.8	11.1	4.3	2.8
Indian Railway Catering anc	HOLD	706	700	(0.8)	564.6	35.4	42.1	46.0	9.8	11.8	12.5	12.8	14.8	16.0	12.2	14.7	15.6	31.0	39.4	48.7	44.9	41.8	35.3	56.0	50.5	43.4	57.7	47.9	45.3	22.8	17.9	14.5	42.7	36.5	33.2
Lemon Tree Hotels	BUY	118	140	18.5	93.4	8.7	11.0	13.2	1.1	1.5	2.3	4.5	5.3	6.7	1.4	1.9	2.8	10.8	12.7	15.4	13.6	16.5	20.2	13.7	16.0	19.6	81.6	60.7	41.5	10.9	9.3	7.7	24.7	20.4	15.7
Safari Industries (India)	BUY	4,477	4,559	1.8	106.2	12.1	15.5	18.7	1.3	1.7	2.2	2.0	2.8	3.4	52.8	72.7	90.9	179.5	247.9	334.2	34.4	34.0	31.2	35.5	35.1	34.1	84.9	61.6	49.2	24.9	18.1	13.4	54.2	38.5	31.3
V.I.P. Industries	Acc	670	721	7.6	94.9	20.8	22.6	25.0	1.8	1.8	2.4	3.1	3.3	4.0	13.0	12.9	17.0	45.3	55.5	68.0	30.7	25.6	27.4	25.9	23.9	26.2	51.4	51.9	39.5	14.8	12.1	9.9	31.2	29.3	24.3
Telecom																																			
Bharti Airtel	Acc	948	936	(1.3)	5,380.2	1,391.4	1,590.2	1,872.1	83.5	97.7	220.5	712.7	832.4	999.5	14.8	17.1	38.1	137.4	183.7	211.0	11.6	10.7	19.4	12.9	12.1	14.9	64.2	55.6	24.9	6.9	5.2	4.5	10.5	8.7	7.0

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

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