

INDEX OF INDUSTRIAL PRODUCTION - APR'24

IIP grew 5%, beating expectations

Industrial production growth for Apr'24 at 5% was above our and consensus expectations. Growth was broad-based on the production side but on use-based categorisation, non-durables production contracted.

IIP growth exceeds consensus. India's industrial production rose 5% in Apr, exceeding expectations. Growth in mining and electricity accelerated, though manufacturing growth decelerated. Non-durables production contracted due to a strong base, while durables and infrastructure production increased.

Mining, electricity production expand. Mining production grew 6.7% in Apr, recovering from 1.3% in Mar, as was seen with a 7.5% rise in coal production. Electricity production was high due to heatwaves but may decline due to early monsoons. Manufacturing growth slowed, reflected in weaker CV sales and core exports.

Weak growth in capital goods production suggests private investments yet to take off. While production of infrastructure goods expanded generously, growth in capital goods production was a tepid 2.9%. So, while investments took off within the country, it was led by public capex in infrastructure and the housing boom; private companies took a backseat.

Global industrial production contracted. G20 weighted industrial production for Mar'24 contracted for the first time in the last twelve months, led by Japan, Germany, France, etc. The latest data, on the other hand, is positive with improvement across major economies.

Industrial production to remain robust. The industrial production story is playing out in line with our expectations. We have continued to highlight muted participation by the private sector due to election uncertainty and consumption growth being driven by prices but not volumes. Moving toward the second half of the year, we are seeing better prospects for policy continuity, which would aid confidence, and a pickup in rural demand. The latest inflation print came softer than expected, post a dovish tone toward rate expectations. We continue to hold the view that private investments would pick up from Q3 FY25. Risks to the outlook stem from weakening global growth, which can drag down our core exports thus impacting industrial production. Further, higher commodity prices if sustained, will impact margins.

Key growth rate, y/y, %

Headline	Mining
5.0	6.7
Manufacturing	Electricity
3.9	10.2
Infrastructure	Primary Goods
8.0	7.0
Capital Goods	Intermediate
3.1	3.2
Durables	Non-Durables
9.8	-2.4

Sujan Hajra | Chief Economist |

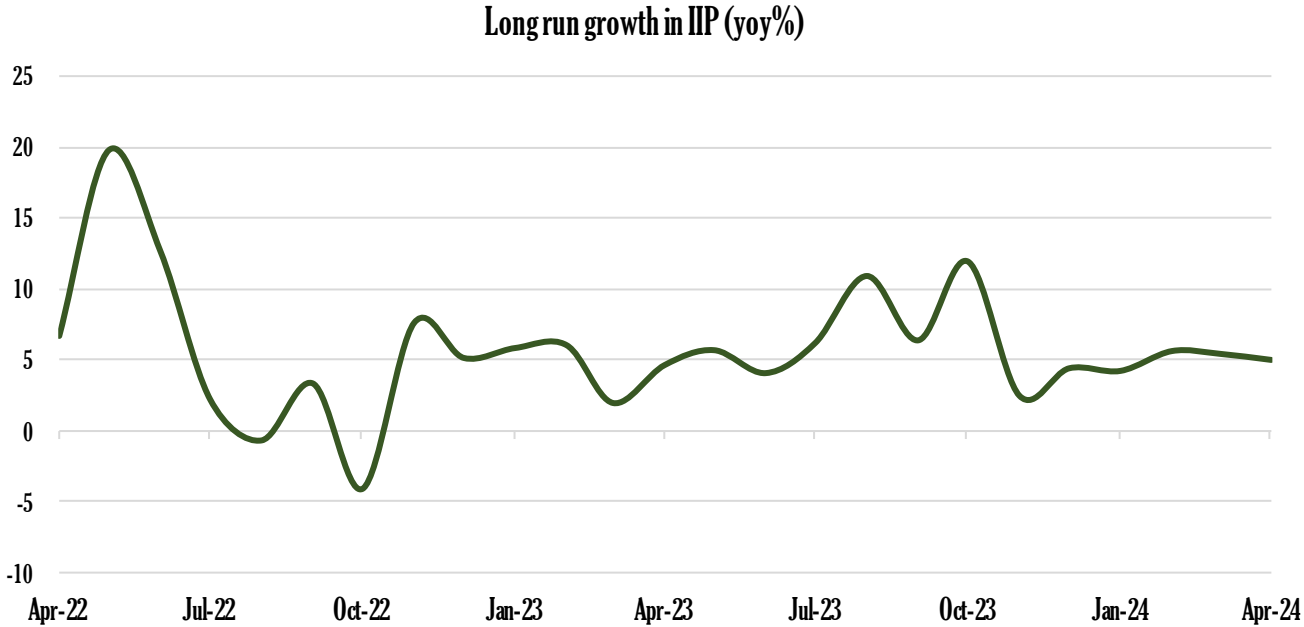
| Raj Singh | Economist |

| Sweta Jain | Research Analyst |

INDUSTRIAL PRODUCTION EXPANDS

India began the fiscal year on a strong footing, with industrial production up 5% in Apr, above our and consensus expectations of respectively 4.5% and 4.6%. On the production side, all three components, i.e., mining, manufacturing and electricity were in the green, though manufacturing growth decelerated. The picture on use-based components was slightly different, where non-durables production contracted, although largely due to a strong base. On the positive side, durables and infrastructure production accelerated.

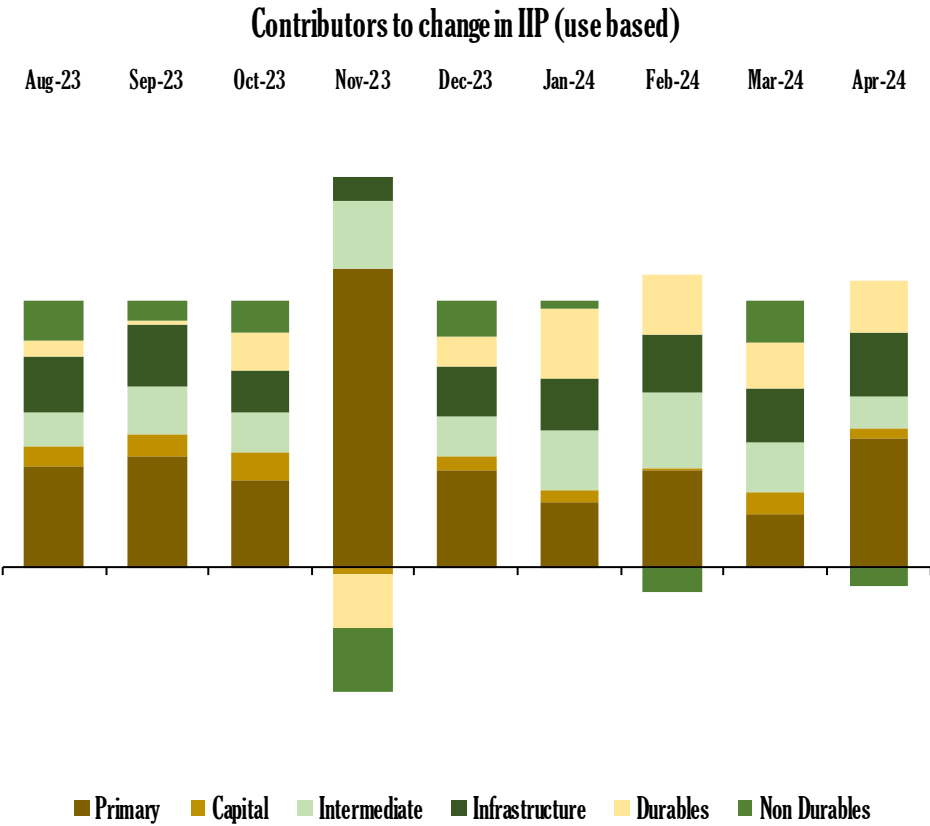
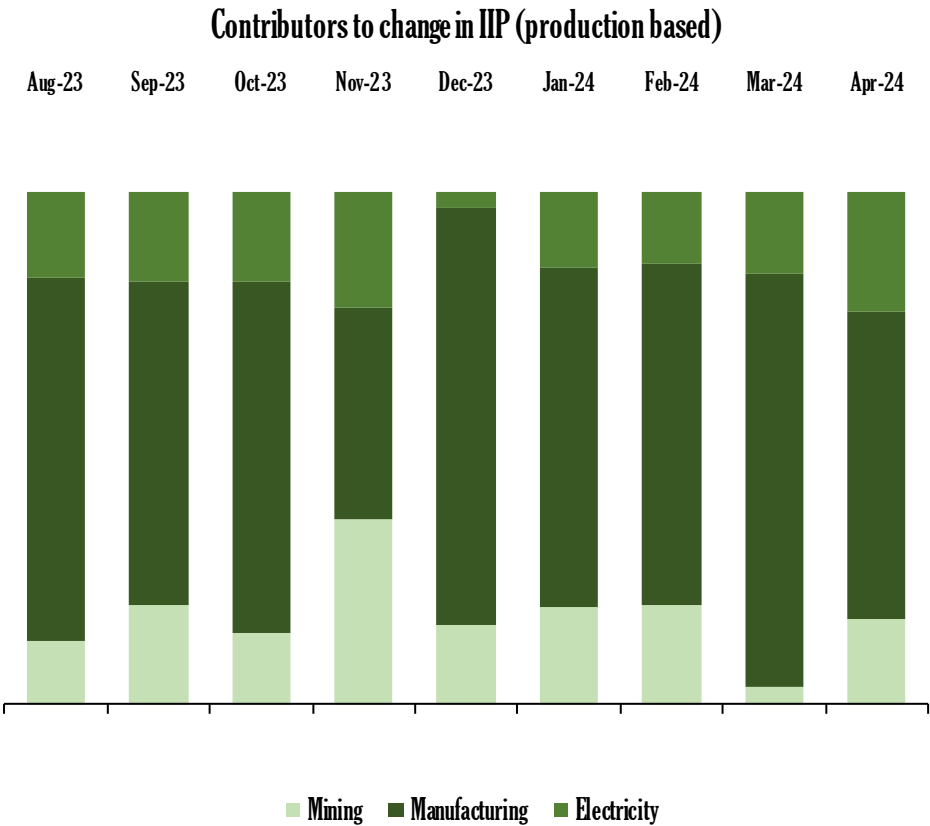
	Apr-24	Mar-24	Apr-23	Mar-23
IIP	5.0	5.4	4.6	1.9
Mining	6.7	1.3	5.1	6.8
Manufacturing	3.9	5.8	5.5	1.5
Electricity	10.2	8.6	-1.1	-1.6
Primary	7.0	3.0	1.9	3.3
Capital	3.1	6.6	4.4	10.0
Intermediate	3.2	5.5	1.7	1.8
Infrastructure	8.0	7.4	13.4	7.2
Durables	9.8	9.5	-2.3	-8.0
Non Durables	-2.4	5.3	11.4	-1.9



Source: MOSPI, CEIC, Anand Rathi

BROAD-BASED CONTRIBUTORS TO GROWTH

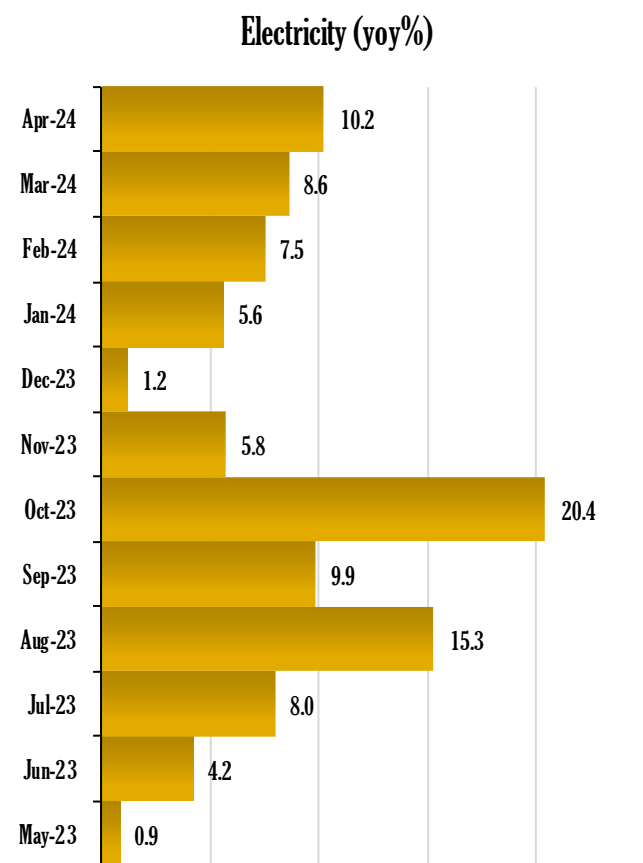
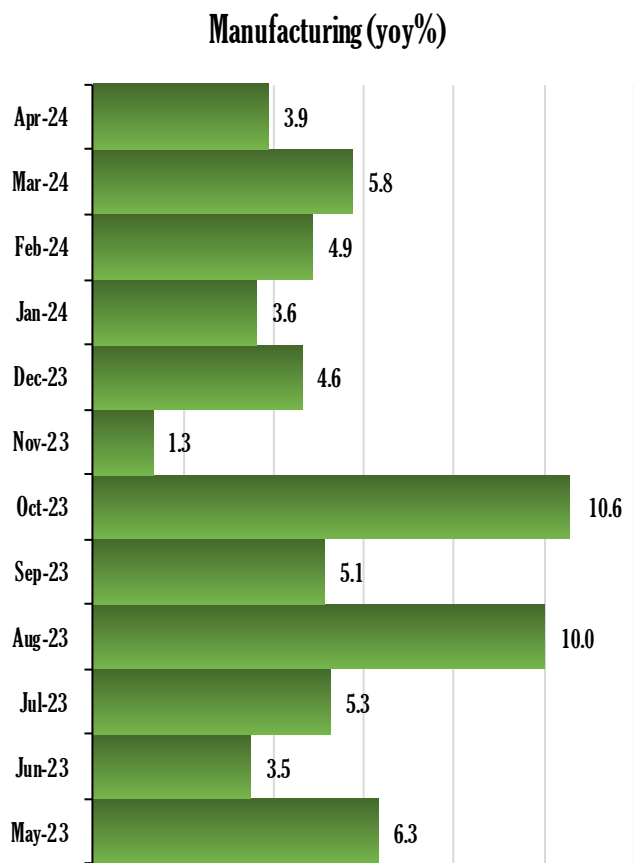
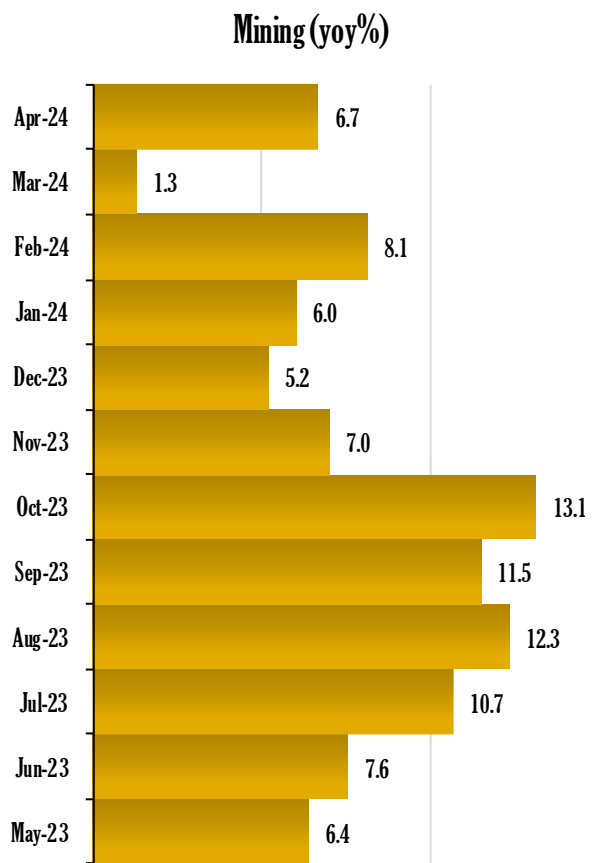
On the production side, growth being more balanced across components entailed a higher share of contribution coming from mining and electricity. The share of manufacturing fell, owing to decelerated growth. Use-based categorisation saw the share of growth being more concentrated in primary goods, with the share of infrastructure growing as well.



Source: MOSPI, CEIC, Anand Rathi

MINING, ELECTRICITY PRODUCTION EXPAND; MANUFACTURING GROWTH SLOWS

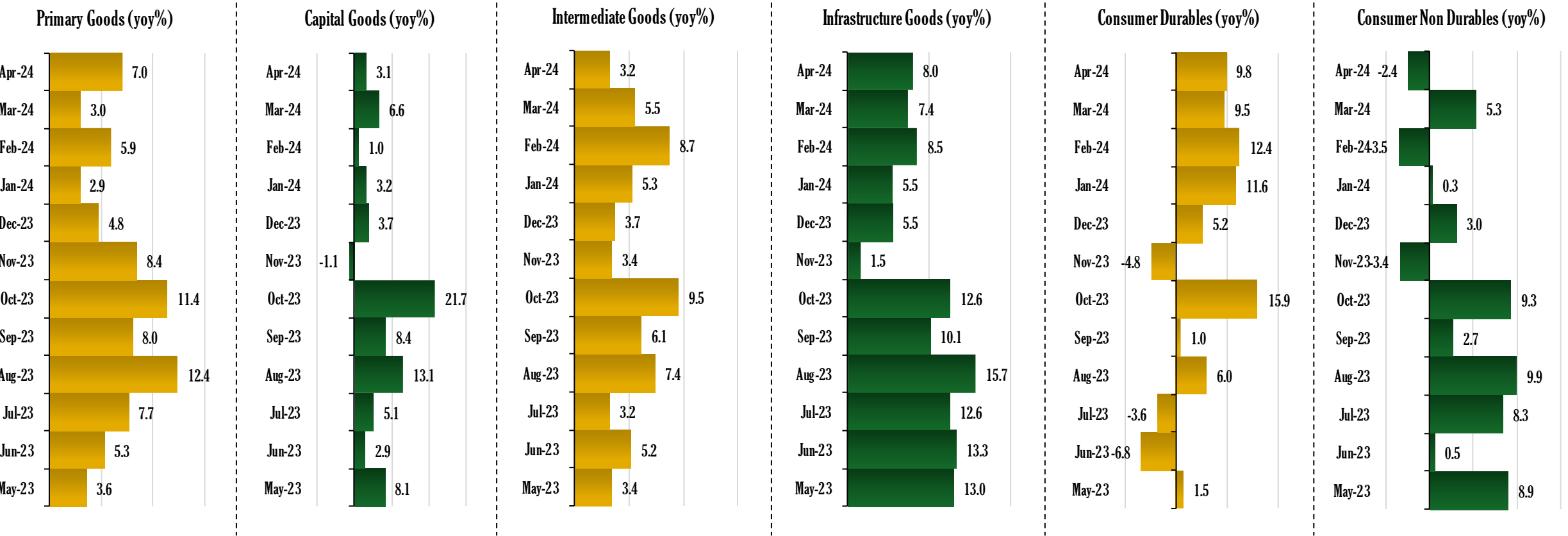
Growth in mining production recovered to 6.7% in Apr, after a weak 1.3% Mar, which was in line with improved coal production (7.5% expansion in Apr). Electricity production continued to be on an upswing, due to heatwaves. However, this excess demand would likely subside on early arrival of monsoons. Manufacturing growth decelerated in Apr'24, as can be seen from the weakness in CV sales and core exports.



Source: MOSPI, CEIC, Anand Rathi

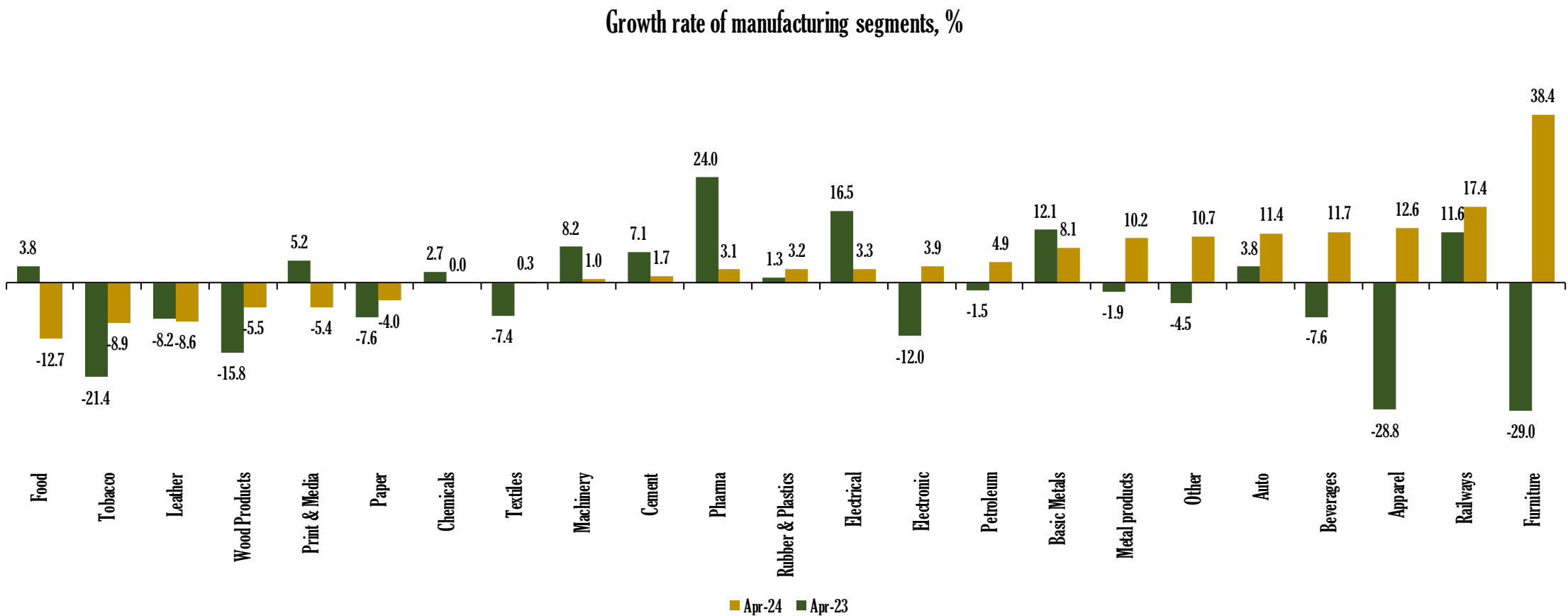
INFRASTRUCTURE, DURABLES GOODS PRODUCTION GROW

Production across components, barring non-durable goods, expanded in Apr. Growth across primary, infrastructure and durable goods production accelerated, while growth in intermediate and capital goods slowed. The contraction in non-durable goods was due to a strong base. The large gap between growth in capital goods and tat of infrastructure goods is concerning, as it indicates that boost in investments came from public capex and households' investments in real estate. Cumulatively, over the past six months, growth in capital goods production was a subdued 2.9%, indicating limited role of private companies in the investment cycle. However, we expect that improvement in the rural sector, with lower inflation, better monsoons and more supportive government policies, would broaden consumption, resulting in corporates likely expanding their production capacities.



MANUFACTURING GROWTH COOLED OFF

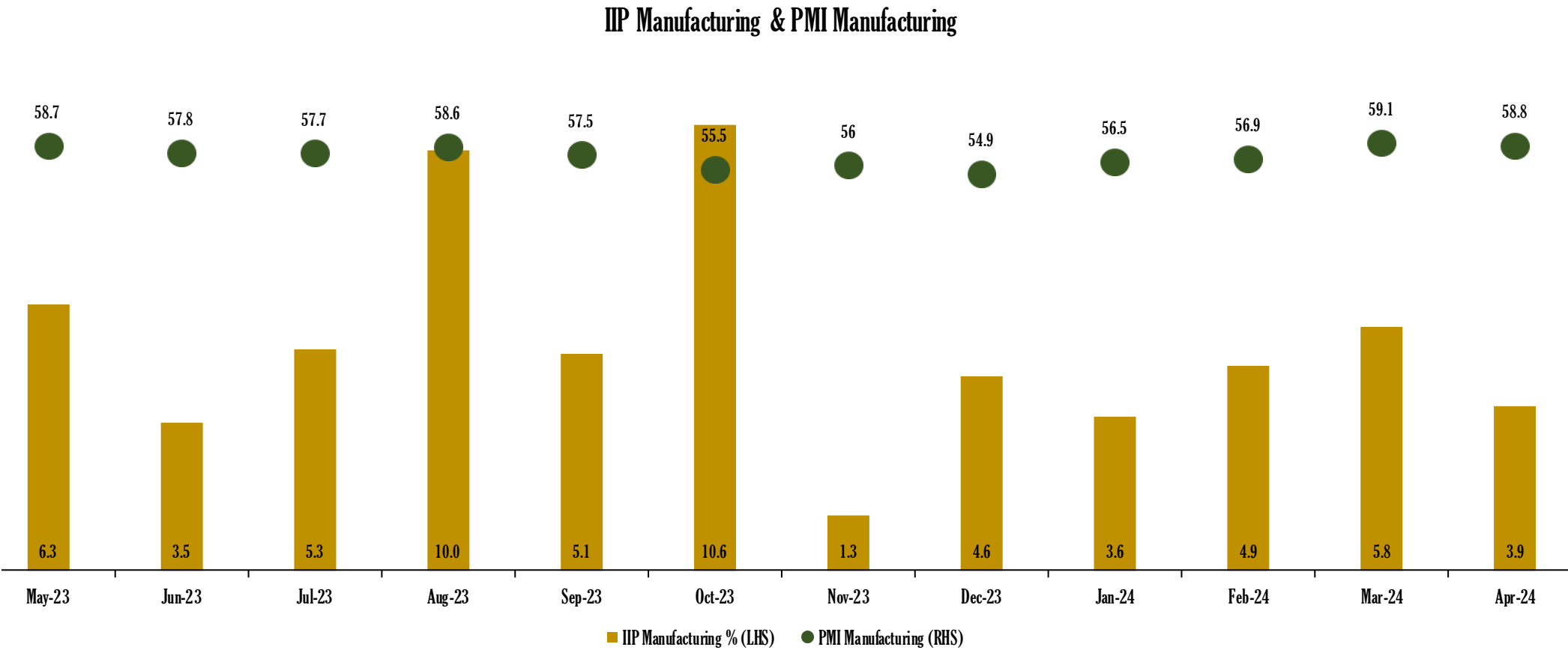
The sub-sectoral component break-up suggests 17 indicators showing growth vs. 18 in the prior month. Furniture production continued to do well in Apr and received a fillip from the boom in housing cycle. Railways, too, has been doing well, thanks to the Centre’s capex push. Weakness in food production poses a risk to our outlook for improvement in rural consumption.



Source: MOSPI, CEIC, Anand Rathi

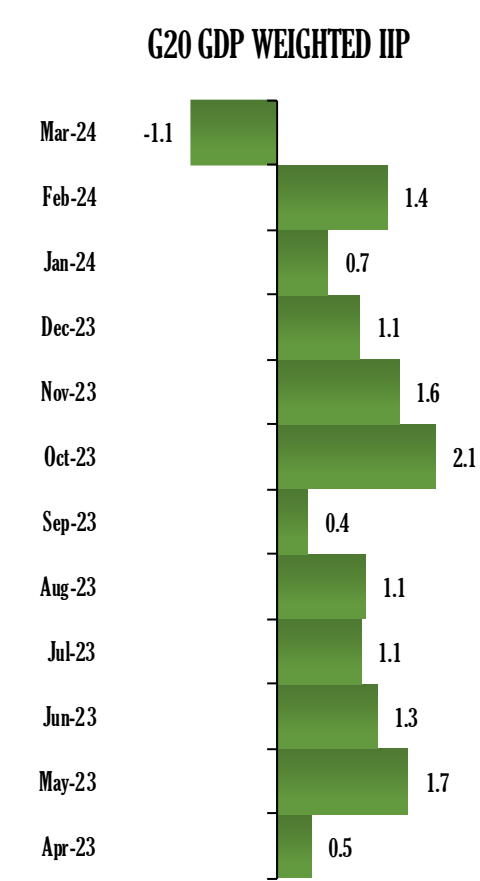
WEAKER VOLUMES DUE TO HEATWAVES

Apr'24 manufacturing PMI was upbeat, indicating continued expansion. The May'24 figure, though, suggested some moderation in India's accelerating trajectory. Heatwaves appear to have taken a toll on production volumes, which came off a bit from that of last month. On a positive note, international sales remained strong, and manufacturers were upbeat about the outlook, which got reflected in the increasing workforce.

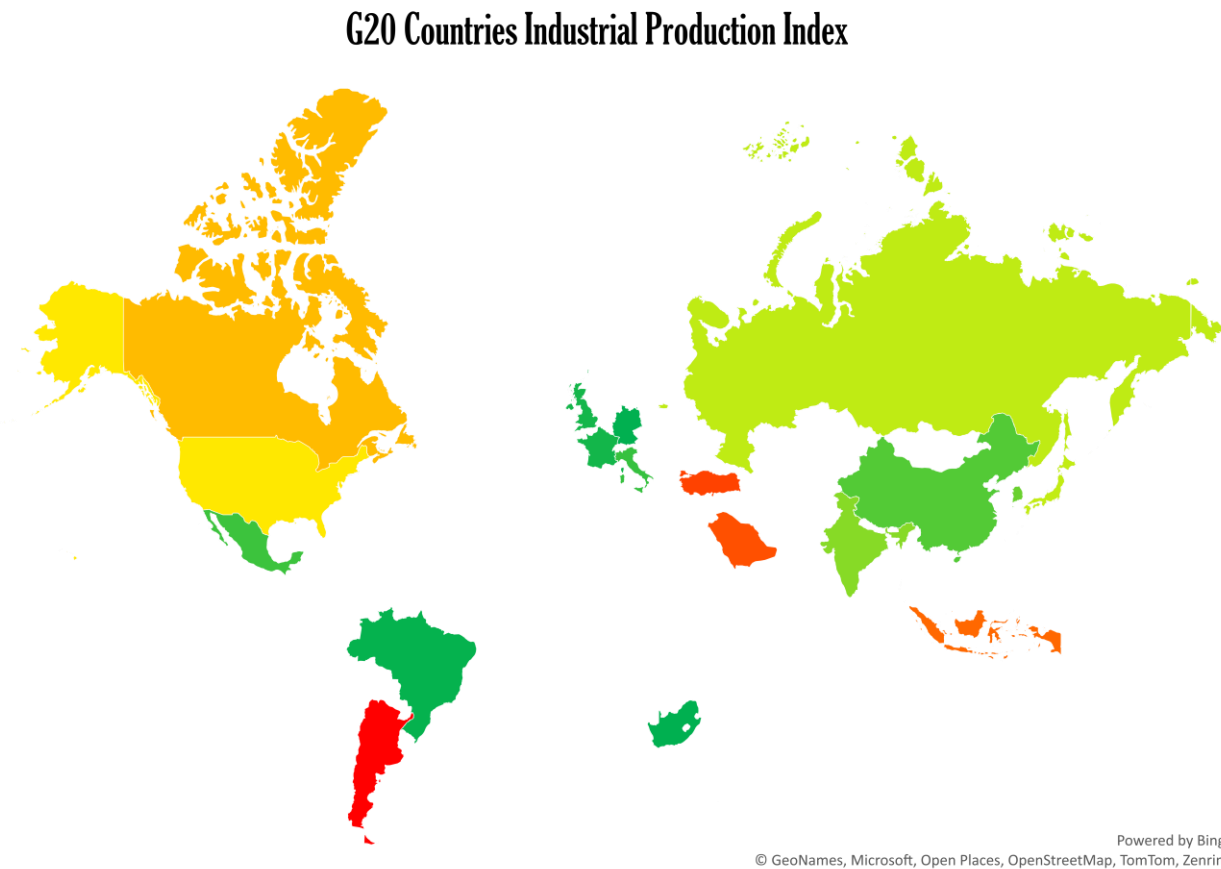


GLOBAL INDUSTRIAL PRODUCTION CONTRACTED IN MAR'24

Mar'24 was the first month in last year, when G20 GDP weighted industrial production contracted, led by Japan and other major economies incl. Germany, France, Brazil. While Apr figures for many economies are yet to be released, early indicators suggest that production growth recovered. With the forecast for easing in global GDP growth, India's industrial production would take a hit.



Industrial Production	Current	Previous
Brazil	8.4	-2.7
Germany	7.4	-3.3
United Kingdom	6.8	-3.3
China	6.7	5.6
South Korea	6.1	-7.9
France	6.0	-1.8
South Africa	5.3	3.7
Mexico	5.1	1.3
India	5.0	4.6
Italy	4.7	-9.5
Russia	3.9	4.9
Canada	0.1	1.9
United States	0.0	0.9
Japan	-1.0	-0.8
Indonesia	-1.3	0.3
Turkey	-3.4	-9.9
Saudi Arabia	-10.5	7.3
Argentina	-16.6	1.8



Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101 st -250 th company)	>20%	0-20%	<0%
Small Caps (251 st * company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind. Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

Research report is a product of Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) under Marco Polo Securities 15a6 chaperone service which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution by only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2023. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Additional information on recommended securities/instruments is available on request.

Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.

Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097. Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.