INSTITUTIONAL RESEARCH

Quarterly Tracker
Q1FY25

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20 YEARS

Input cost benefits consumed; earnings growth at the mercy of demand pickup

- **Overall trend (Weak)** ***(Revenue/PAT growth (YoY): 7%/0% and ex-OMCs: 9%/13%)***
  - Performance of coverage companies in Q1FY25 clearly reflected that benefits of soft input costs are over and PAT growth (ex-OMCs) has largely converged with revenue growth. This indicates future earnings growth will come majorly from demand pickup.
  - FY25 earnings growth will have to be more volume and topline led. Expecting a growth moderation to ~11% CAGR over FY24-26 vs 17% CAGR over FY19-24.
- **Lending financials (Mixed)** ***(Revenue/PAT growth (YoY): 11%/13% and (QoQ): 1%/-3%)***
  - Earnings for most lenders were soft as deposit pressure, NIM decline and elevated LDR concerns continued. Slippages were higher as elections and heatwaves posed challenges in recovery. Banks faced higher provisioning expenses amid modest credit growth and subdued CASA to result into moderate earnings growth. Visible signs of stress in unsecured loans category led banks to slow down in that segment.
- **Non lending financials (Strong)** ***(Revenue/PAT growth (YoY): 33%/40% and (QoQ):-17%/-13%)***
  - Strong APE growth but muted VNB margins for LI companies due to focus on ULIPs. Brokerages continue to show strong cash/FnO ADTV amid volatility due to election/budget; AMCs witnessed strong inflows led by SIPs with a rise in equity share. Motor premiums grew strongly backed by rising auto sales which came with improved profitability for GI companies. Loss ratios were elevated for health insurers.
- **Technology (Weak)** ***(Revenue/PAT growth (YoY): 4%/7% and (QoQ):2%/-2%)***
  - While revenue and profit growth was still muted, green shoots were visible in the demand environment led by BFSI. Uncertain macro and subdued discretionary spending continued but deal conversion to revenues improved marginally, offering early signs of recovery. Deal wins remain healthy. Despite short term headwinds, Gen AI, cloud transformation and digital continue to drive long term bright prospects.
  - Supply side pressure eased further, as utilisation level remains elevated, and attrition bottomed out. Reskilling of employees with new age technologies such as Gen AI takes priority as the industry waited for the demand revival.
- **Consumer staples (Weak)** ***(Revenue/PAT growth (YoY): 2%/5% and (QoQ):2%/0%)***
  - Increased volume growth for staples segment led by summer portfolio and varied degrees of rural recovery observed by companies. Due to heatwaves and election, hot beverages and out of home product portfolios suffered.Soft input costs helped gross margins which made room for A&P spendings. Pricing growth may come back in H2FY25E. Normal monsoon bodes well for rural consumption in coming quarters.
- **Consumer discretionary (Mixed)** ***Revenue/PAT growth (YoY): 16%/10% and (QoQ):7%/-5%)***
  - Heatwaves, fewer wedding days and election related restrictions impacted all discretionary segments i.e., apparels, Jewellery, paints, hotels, QSR and footwear adversely. High gold prices affected Jewellery volumes negatively and high RM inflation led to margin decline for paints. Intense competition was specific headwind for QSR. Volume growth in P&A segment of alcohol amid price hikes surprised positively.
  - RAC, coolers, fans and stabilizers grew strongly due to harsh summer. Lighting and kitchen segments were weak and wire & cables segment growth moderated due to copper price volatility. Margins expanded across categories (ex-kitchen appliances and W&C).

Input cost benefits consumed; earnings growth at the mercy of demand pickup

- **Industrials and Infrastructure** (Strong) *(Revenue/PAT growth (YoY): 12%/18% and (QoQ):-18%/-28%)*
  - For EPC companies, executions and operating margins were below expectations due to election related labor shortages, and delay. During pre-election phase, order inflows were muted which is expected to normalize in future quarters.
  - Demand environment continued to be strong for capital goods sector as it enjoys tailwinds of capex cycle. Order flows were driven by power T&D, Defence, railways, data centers, renewable energy and water. High utilization, pricing power and product mix led to superior margins.
- **Real Estate** (Strong) *(Revenue/PAT growth (YoY): 18%/79% and (QoQ):-26%/-17%)*
  - Pre-sales of large players remained strong led by robust demand in the luxury segment. healthy demand enabled single digit price hikes too. Heavy launch pipeline is expected to maintain presales growth. Mall footfall and consumption was muted due to heatwaves and election.
- **Automobiles** (Strong) *(Revenue/PAT growth (YoY): 11%/36% and (QoQ):-4%/-18%)*
  - Healthy YoY volume growth for 2W,3W and PV segments. Premiumisation and product mix helped realisations which in turn supported margin expansion along with soft commodity. CV outlook subdued while base of FY24 will act as headwind for PV segment. For 2W exports, LATAM market growth was strong but African regions continue to struggle.
- **Chemicals** (Mixed) *(Revenue/PAT growth (YoY): 11%/3% and (QoQ):-1%/-21%)*
  - Demand of specialty chemicals is on a recovery path as prices for most basic chemicals and intermediates have bottomed out. Volume growth remain mixed for companies in this quarter. Domestic demand healthy but Europe yet to recover. Fear of Chinese dumping still a concern for few chemicals. Channel inventory for agrochemicals expected to normalize in H2FY25, which will aid specialty chemicals' demand.
- **Cement** (Weak) *(Revenue/PAT growth (YoY): -2%/-15% and (QoQ):-12%/-34%)*
  - Weak cement demand and subdued pricing led to a decline in per unit EBITDA, despite soft fuel and freight costs. Margins aggravated by negative operating leverage. Demand expected to revive only in H2FY25. Industry capex and consolidation continues, as long-term prospects remain bright. Key players remain steadfast on taking initiatives to reduce opex over the years to improve operating margins.
- **Energy (Oil & Gas)** (Weak) *(Revenue/PAT growth (YoY): 4%/-40% and (QoQ):-2%/-25%)*
  - For upstream companies, weak oil/gas realisation and high opex led to muted earnings. For OMCs, weak refining margins, LPG under recovery and high crude led weak marketing margins dragged overall profitability. Gas utilities reported strong gas volume growth supported by CGD offtake and seasonal demand from power sector. CGD volume growth was healthy with sequential uptick in margins.
- **Pharmaceuticals** (Strong) *(Revenue/PAT growth (YoY): 13%/32% and (QoQ):7%/14%)*
  - Domestic formulations business led double digit revenue growth and gross margin expanded driven by improved product mix and pricing. New launches and patent cliff related advantages are expected to drive US business growth as R&D spend guidance strong at high single digit % of sales. Healthy growth and margin for diagnostic companies due to growth in sample volume and realization per patient.

Q1FY25 Sectoral trends

Auto, pharma, lenders & cap goods drive earnings growth, but energy, cement, staples, IT & chemicals remain weak

HSIE Coverage (INR Bn)	Q1 FY20		Q1 FY24		Q4 FY24		Q1 FY25		YoY Growth (Q1 FY24 to Q1 FY25)		QoQ Growth (Q4 FY24 to Q1 FY25)		5yr. CAGR (Q1FY20 to Q1FY25)	
	Revenue	PAT	Revenue	PAT	Revenue	PAT	Revenue	PAT	Revenue	PAT	Revenue	PAT	Revenue	PAT
BFSI	**835**	**247**	**1,543**	**704**	**1,746**	**816**	**1,721**	**788**	**12%**	**12%**	**-1%**	**-3%**	**16%**	**26%**
Lenders overall	746	230	1,388	667	1,498	755	1,518	735	**9%**	**10%**	**1%**	**-3%**	**15%**	**26%**
Large Banks *	560	157	1,041	518	1,098	592	1,108	565	**6%**	**9%**	**1%**	**-4%**	**15%**	**29%**
Rest of the Banks	83	34	145	54	164	53	168	62	**16%**	**14%**	**2%**	**16%**	**15%**	**13%**
NBFCs	103	39	202	95	237	110	243	108	**20%**	**14%**	**2%**	**-2%**	**19%**	**23%**
Insurance	71	11	125	22	196	37	152	26	**21%**	**16%**	**-22%**	**-31%**	**17%**	**20%**
Capital markets	18	6	29	14	51	23	51	26	**74%**	**80%**	**-1%**	**13%**	**23%**	**34%**
Consumers	**2,739**	**179**	**4,293**	**393**	**4,773**	**508**	**4,759**	**477**	**11%**	**22%**	**0%**	**-6%**	**12%**	**22%**
Autos	1,478	25	2,331	141	2,697	235	2,575	193	**10%**	**37%**	**-5%**	**-18%**	**12%**	**50%**
Consumer-staples	391	72	558	107	556	112	569	112	**2%**	**5%**	**2%**	**0%**	**8%**	**9%**
Consumer-discretionary	191	10	362	19	388	24	418	22	**15%**	**16%**	**8%**	**-8%**	**17%**	**16%**
Home improvement	253	20	410	40	460	36	491	38	**20%**	**-5%**	**7%**	**6%**	**14%**	**14%**
Chemicals	64	8	105	10	118	13	116	10	**10%**	**0%**	**-2%**	**-23%**	**13%**	**5%**
Pharma	363	44	527	76	554	88	590	102	**12%**	**34%**	**6%**	**16%**	**10%**	**18%**
Industrials	**7,593**	**468**	**11,382**	**968**	**12,296**	**901**	**11,887**	**773**	**4%**	**-20%**	**-3%**	**-14%**	**9%**	**11%**
Infrastructure	471	23	737	37	1,017	59	830	40	**13%**	**9%**	**-18%**	**-32%**	**12%**	**12%**
Capital Goods	85	6	122	11	151	20	134	17	**10%**	**44%**	**-12%**	**-15%**	**10%**	**25%**
Real estate	73	12	80	14	114	27	85	23	**7%**	**68%**	**-25%**	**-14%**	**3%**	**15%**
Power/utilities	549	73	845	116	877	120	963	132	**14%**	**13%**	**10%**	**9%**	**12%**	**12%**
Energy (Oil & gas)	5,002	248	7,232	617	7,638	489	7,518	368	**4%**	**-40%**	**-2%**	**-25%**	**8%**	**8%**
Cement	334	32	498	38	552	49	488	33	**-2%**	**-15%**	**-12%**	**-34%**	**8%**	**0%**
Metals	1,080	74	1,869	134	1,948	138	1,869	161	**0%**	**20%**	**-4%**	**17%**	**12%**	**17%**
Information Technology	1,117	186	1,808	265	1,854	293	1,883	286	**4%**	**8%**	**2%**	**-3%**	**11%**	**9%**
Total	**12,285**	**1,080**	**19,026**	**2,329**	**20,669**	**2,518**	**20,250**	**2,323**	**6%**	**0%**	**-2%**	**-8%**	**11%**	**17%**

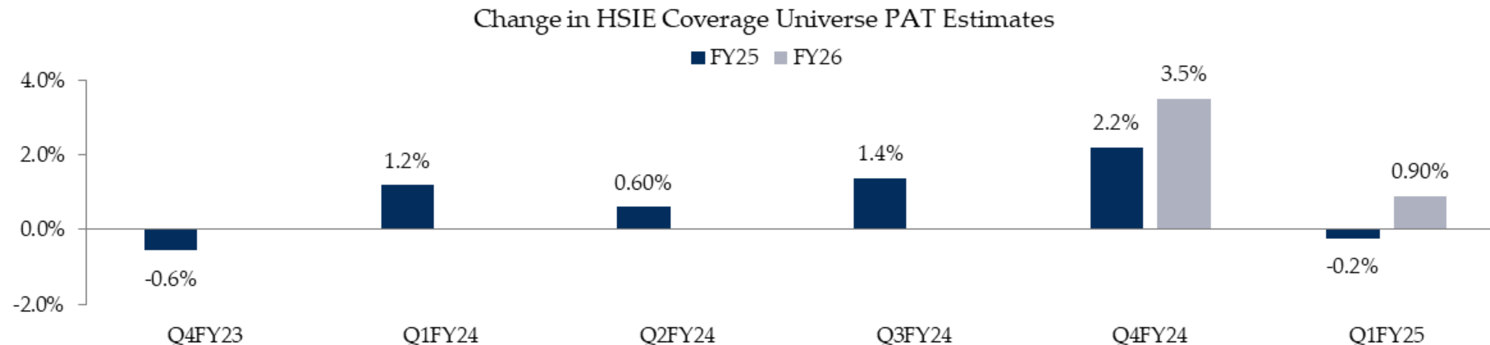
Annual earnings upgrades/downgrades

Earnings downgraded after four consecutive quarters of upgrades; broad based across sectors (ex-BFSI)

Sector	FY25					
	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Autos	0.1%	0.4%	5.3%	16.6%	28.4%	0.2%
Banks and NBFCs	2.2%	3.5%	0.8%	-1.1%	4.1%	1.7%
Insurance	-0.2%	-0.4%	0.0%	-6.3%	4.0%	0.9%
Capital Markets	-5.8%	1.4%	0.0%	6.7%	1.6%	26.2%
Consumer- Staples	-0.2%	0.9%	-0.8%	-2.4%	-0.5%	-2.6%
Consumer Discretionary	-3.2%	-5.6%	1.4%	-7.6%	-1.2%	-5.5%
Infra+ Cap Goods	3.6%	2.8%	4.2%	1.6%	-2.2%	-2.1%
Real Estate	-10.1%	1.6%	4.7%	-2.9%	2.8%	-0.7%
IT	-2.5%	-0.4%	-0.9%	-1.3%	-5.0%	-0.4%
Energy (Oil & Gas)	-1.7%	1.6%	-2.1%	3.8%	-2.1%	-1.0%
Cement & Building Materials	5.0%	1.1%	3.7%	2.9%	-0.4%	-14.0%
Home Improvement	0.4%	1.7%	-1.4%	-1.3%	-3.8%	-1.2%
Power/Utilities	4.4%	4.8%	2.3%	0.7%	0.9%	-1.4%
Chemicals	-7.3%	-18.6%	-9.8%	-4.9%	-7.0%	-2.3%
Pharma	-6.1%	2.6%	4.7%	2.2%	3.7%	3.1%
Metals	-3.0%	-2.8%	3.9%	1.9%	6.2%	-1.5%

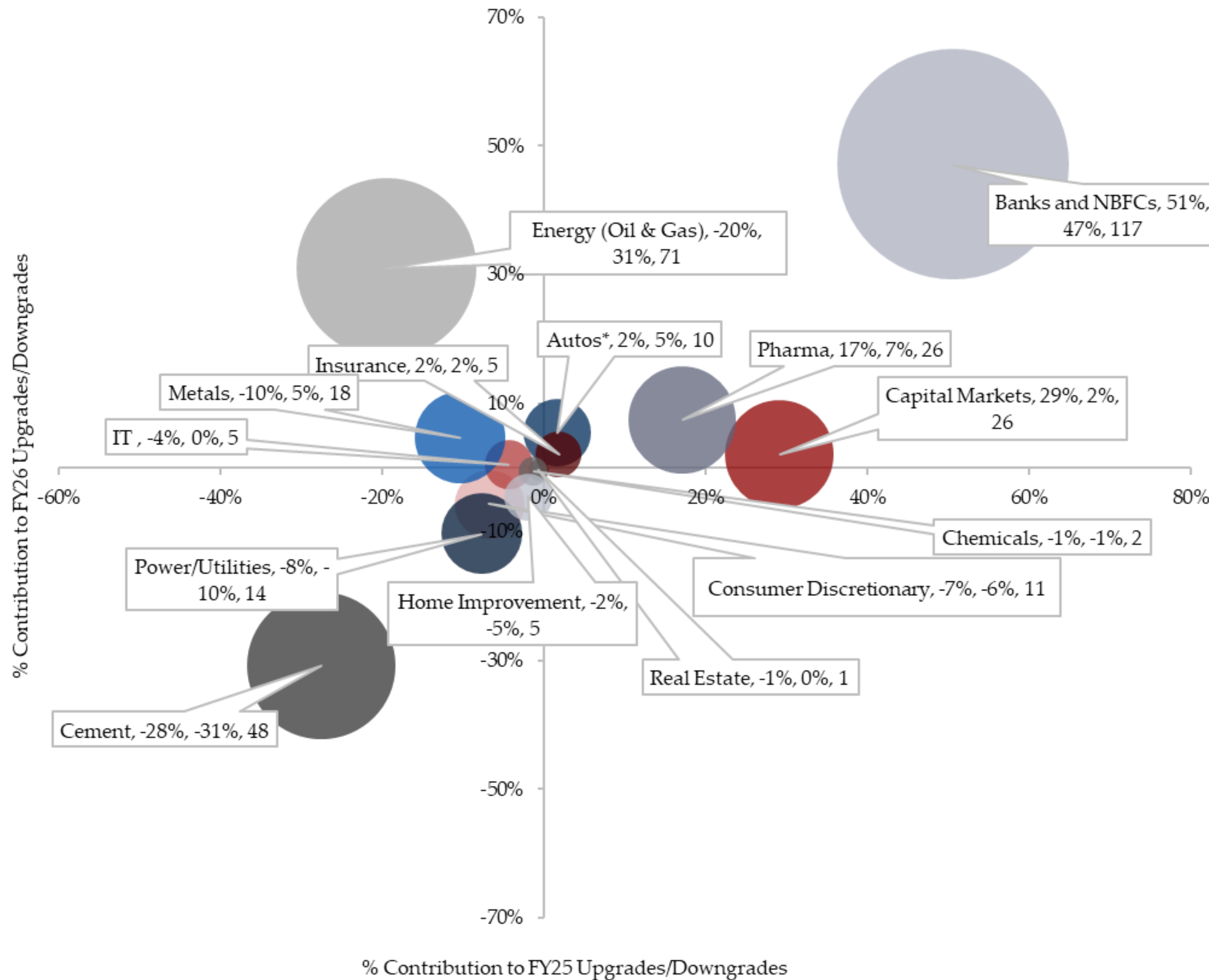
Sector	FY26	
	Q4FY24	Q1FY25
Autos	27.9%	0.9%
Banks and NBFCs	4.0%	3.0%
Insurance	NA	1.9%
Capital Markets	13.9%	2.9%
Consumer- Staples	1.1%	-3.4%
Consumer Discretionary	0.6%	-2.3%
Infra+ Cap Goods	3.8%	-2.9%
Real Estate	3.5%	-0.2%
IT	-2.4%	0.1%
Energy (Oil & Gas)	-0.8%	2.3%
Cement & Building Materials	4.4%	-7.8%
Home Improvement	-3.1%	-1.5%
Power/Utilities	0.3%	-1.1%
Chemicals	-6.6%	-0.5%
Pharma	3.1%	2.5%
Metals	8.3%	0.9%

Note: FY26 estimates have been introduced for the first time in Q4FY24



Annual earnings upgrades/downgrades

Downgrades driven by energy and cement; pharma and BFSI offer balance through upgrades



- *The size of the bubble represents the quantum of earning upgrades or downgrades for each sector.*
- *A positive percentage represents the sector's contribution to **total corporate earnings' upgrades**. Similarly, a negative percentage represents the sector's contribution to **total corporate earnings' downgrades.***

Overall sectoral snapshot

Earnings growth moderates and converges to revenue growth as input cost benefits largely exhausted

Overall (% YoY Growth)

Revenue
PAT

60%
50%
40%
30%
20%
10%
0%

Q3FY22
Q4 FY22
Q1 FY23
Q2 FY23
Q3 FY23
Q4 FY23
Q1 FY24
Q2 FY24
Q3 FY 24
Q4 FY24
Q1 FY25

Estimated 2 yr PAT CAGR (FY24-26E)

Autos	Banks and NBFCs	Insurance	Capital Markets	Consumer- Staples	Consumer Discretionary	Infra+ Cap Goods	Real Estate	IT and Exchanges	Energy (Oil & Gas)	Cement	Home Improvement	Power/Utilities	Chemicals	Pharma	Metals	Total
13%	15%	18%	15%	8%	28%	25%	21%	13%	-3%	20%	18%	11%	31%	15%	23%	11%

Sector Revenue Contribution in Q1 FY25

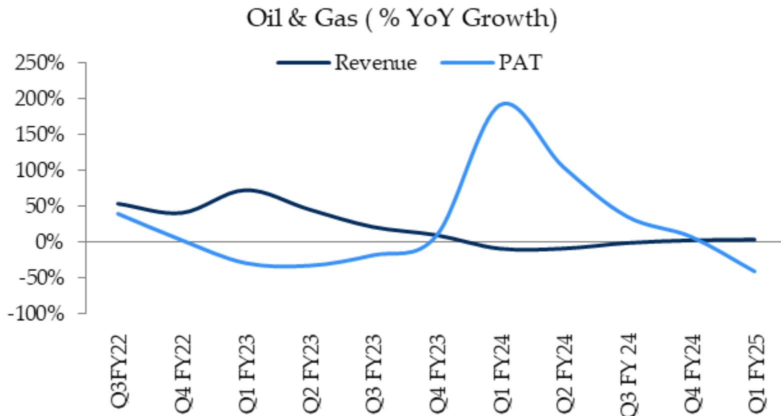
Autos , 13%
Banks and NBFCs, 7%
Insurance, 1%
Capital Markets, 0%
Consumer- Staples, 3%
Consumer Discretionary (ex-Autos), 2%
Industrials (Infrastructure+Cap Goods+Logistics), 5%
Real Estate, 1%
IT , 10%
Energy (Oil & Gas), 37%
Cement, 2%
Home Improvement, 2%
Chemicals, 1%
Power/Utilities, 5%
Pharma, 3%
Metals, 9%

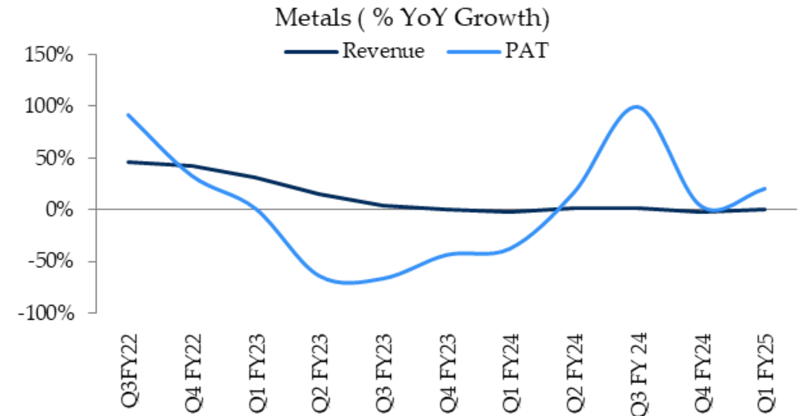
Sector PAT Contribution in Q1 FY25

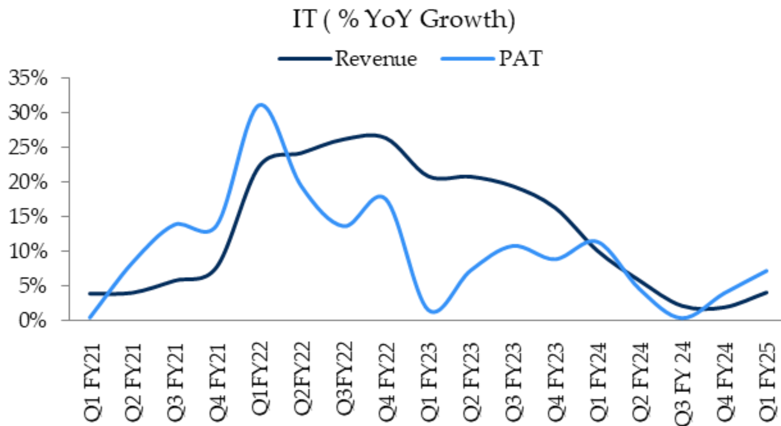
Autos , 8.2%
Banks and NBFCs, 31.3%
Insurance, 1.1%
Capital Markets, 1.3%
Consumer- Staples, 4.7%
Consumer Discretionary (ex-Autos), 1.0%
Industrials (Infrastructure+ Cap Goods+ Logistics), 2.4%
Real Estate, 1.2%
IT , 12.6%
Energy (Oil & Gas), 15.6%
Cement, 1.4%
Home Improvement, 1.6%
Chemicals, 0.5%
Power/Utilities, 5.6%
Pharma, 4.7%
Metals, 6.8%

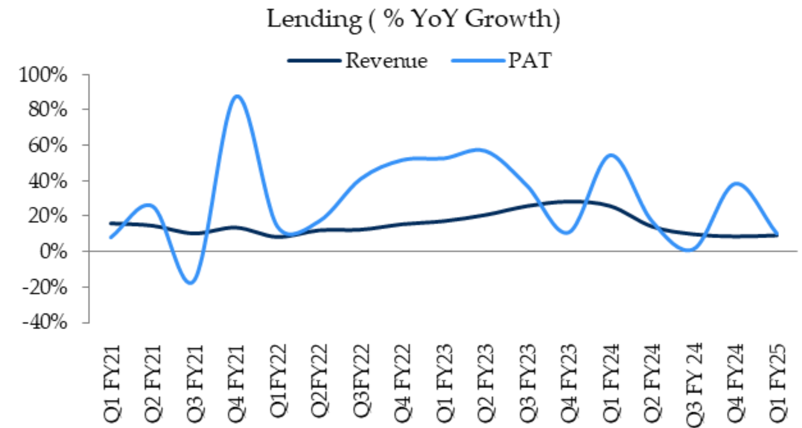
Heavy weight sectors

Earnings growth moderates for Energy & lending sectors from higher levels; IT looks up





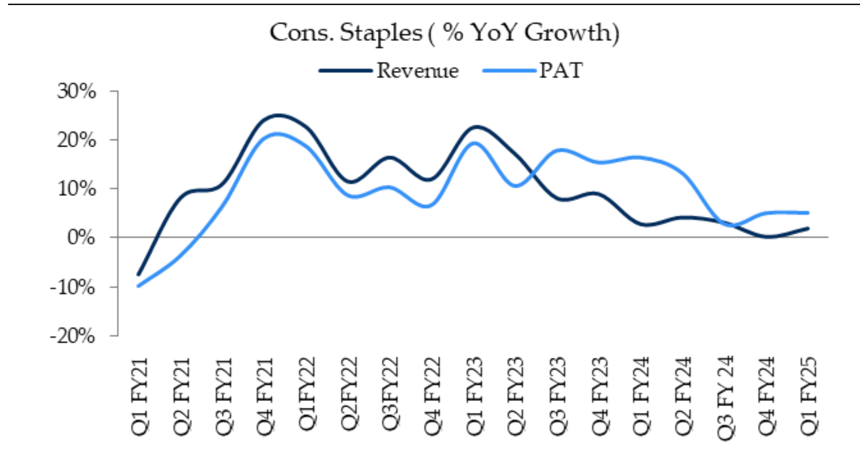


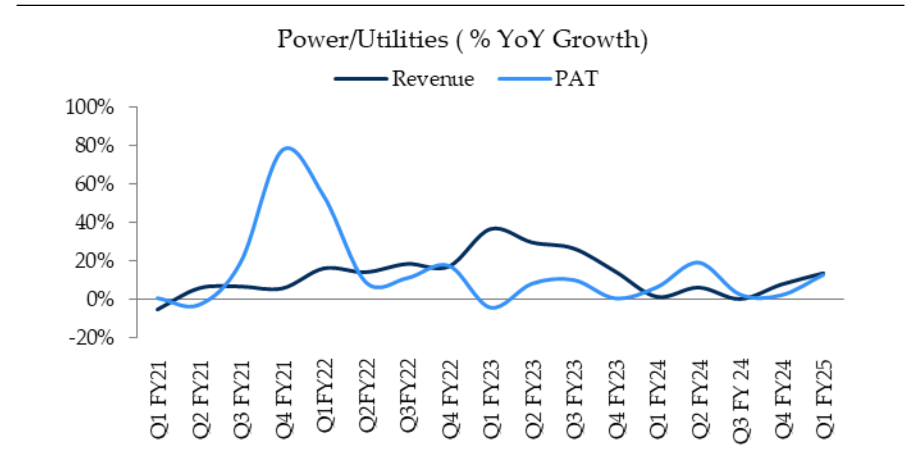


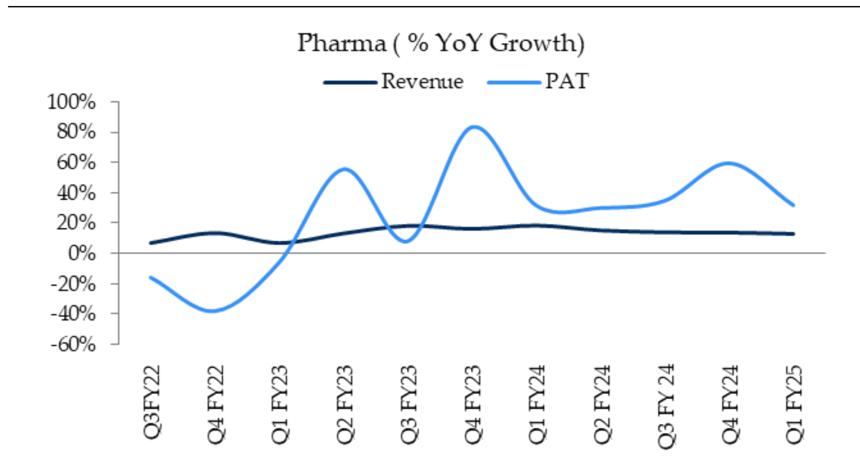
Revenue and PAT CAGR for all sectors are for two years (Q3FY22 to Q3FY24)

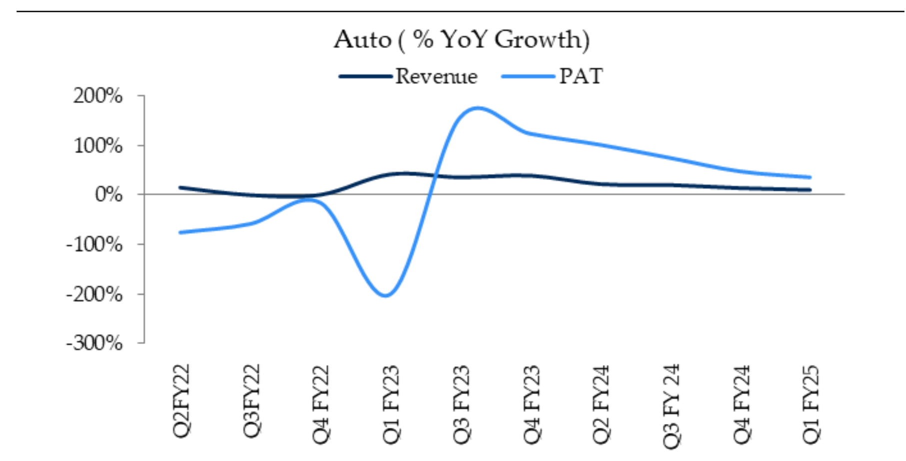
Steady growth sectors

Earnings growth for auto normalizing; pharma healthy and staples showing early signs of recovery



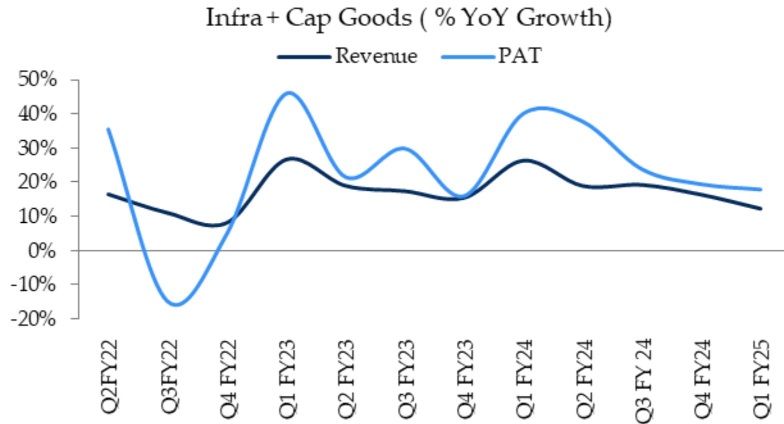


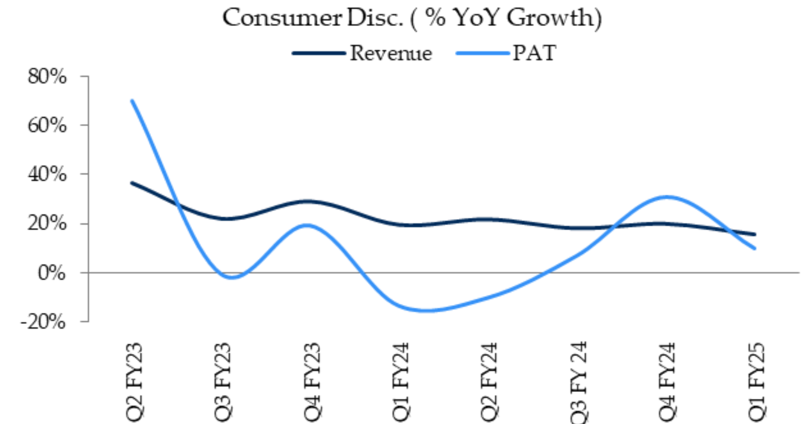


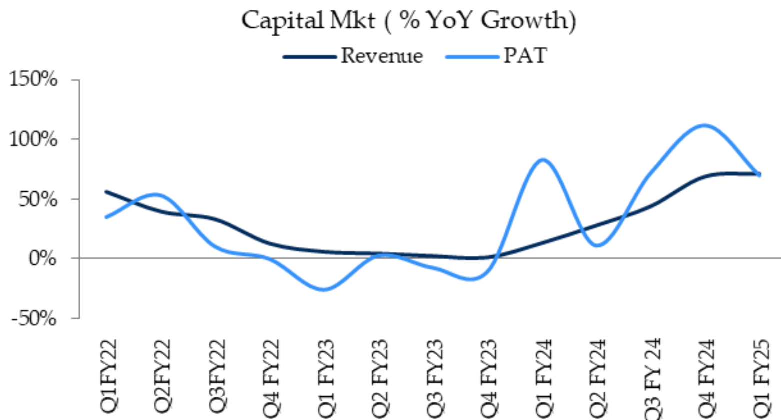


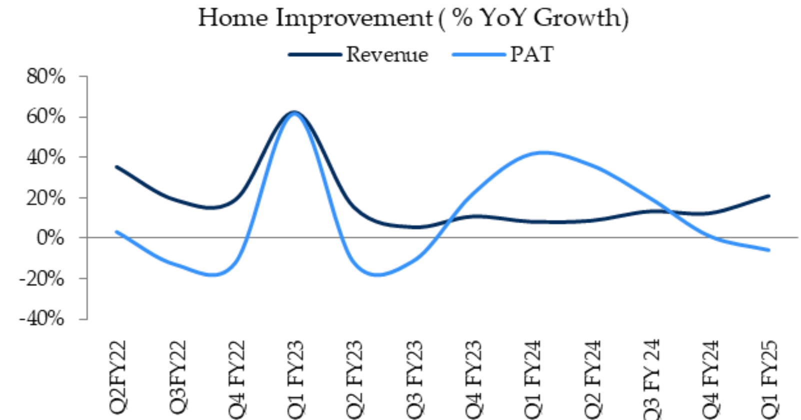
Structural tailwind sectors

Infra/cap goods normalizing as base effect catches up; Home improvement weak but capital market healthy



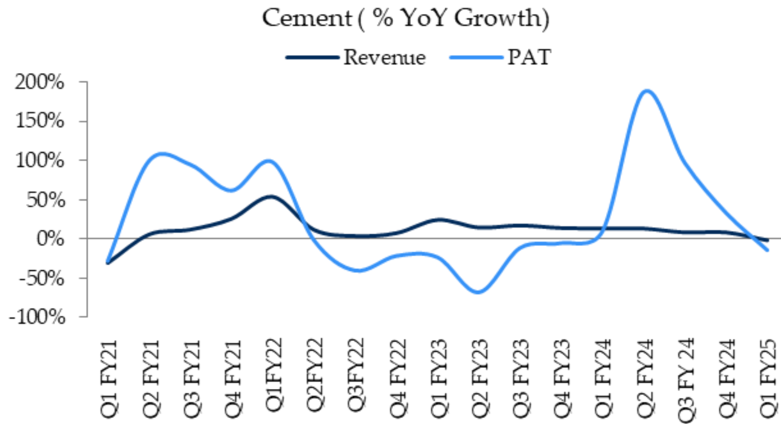


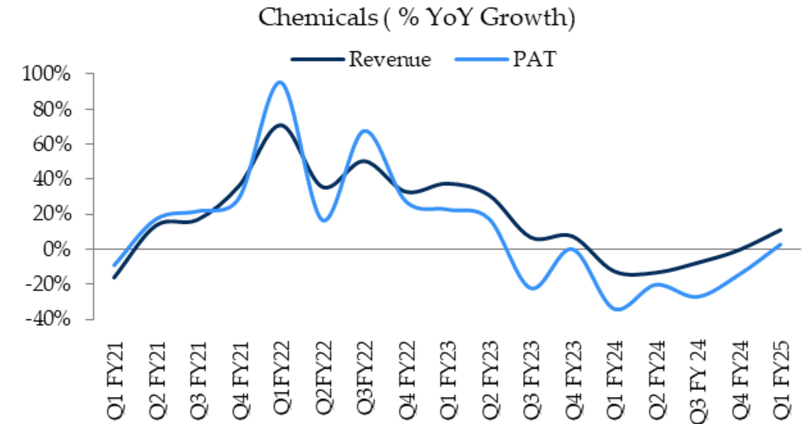


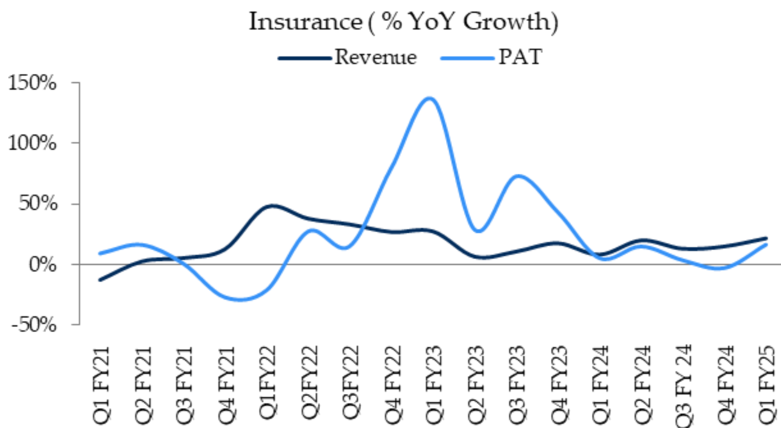


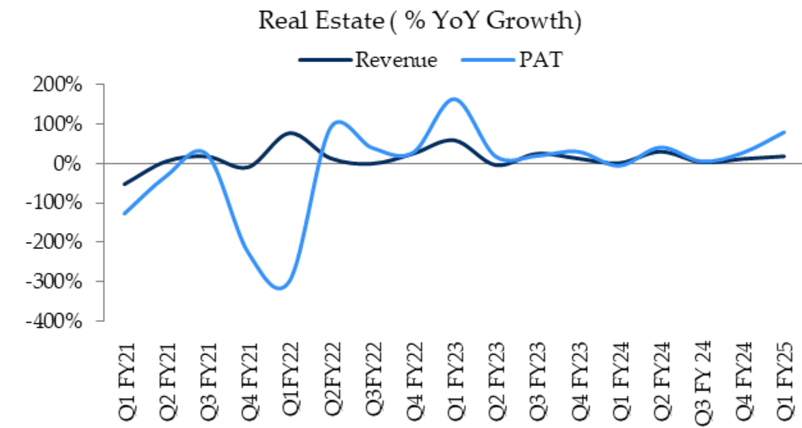
Volatile sectors

Cement sector weak but chemicals showing early signs of revival; Real estate continues to be strong



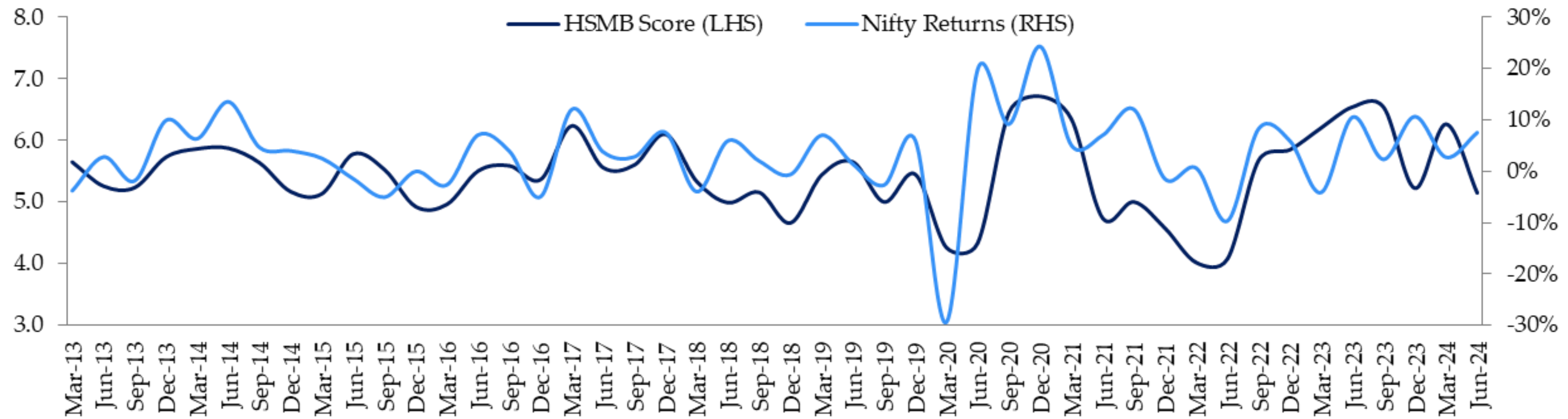


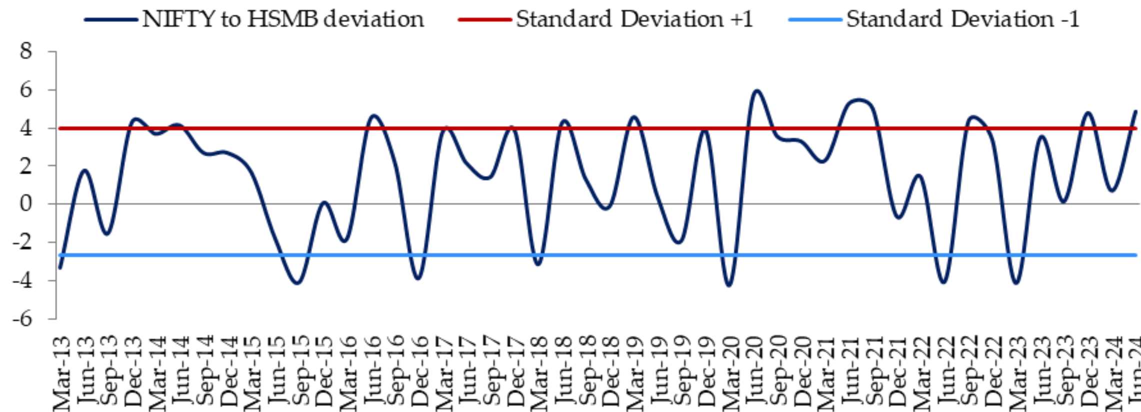




HSIE Market Barometer (HSMB)

HSMB model suggests downside risk to Nifty as deviation to model breaches upper boundary





- The deviation refers to the difference between the model's score and the scaled NIFTY returns for the period.
- A high deviation value means that the NIFTY is running ahead of the model's market score.

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Oil & Gas, Chemicals	Harshad Katkar Nilesh Ghuge Prasad Vadnere	harshad.katkar@hdfcsec.com nilesh.ghuge@hdfcsec.com prasad.vadnere@hdfcsec.com	+91-22-6171-7319 +91-22-6171-7342 +91-22-6171-7356
Pharma	Mehul Sheth	mehul.sheth@hdfcsec.com	+91-22-6171-7349
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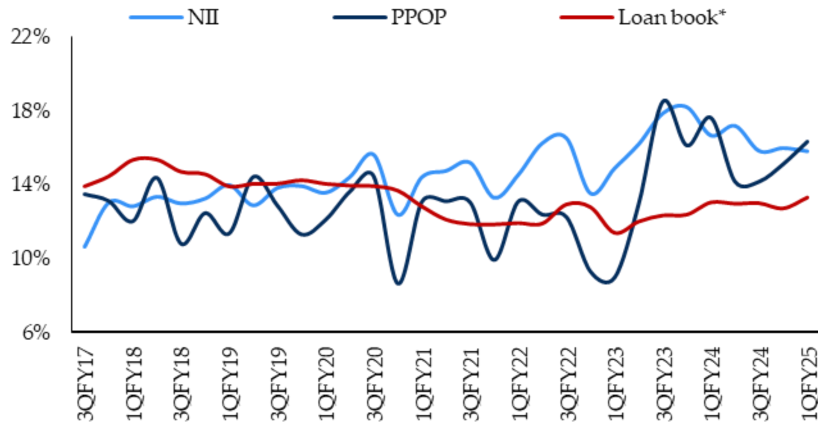
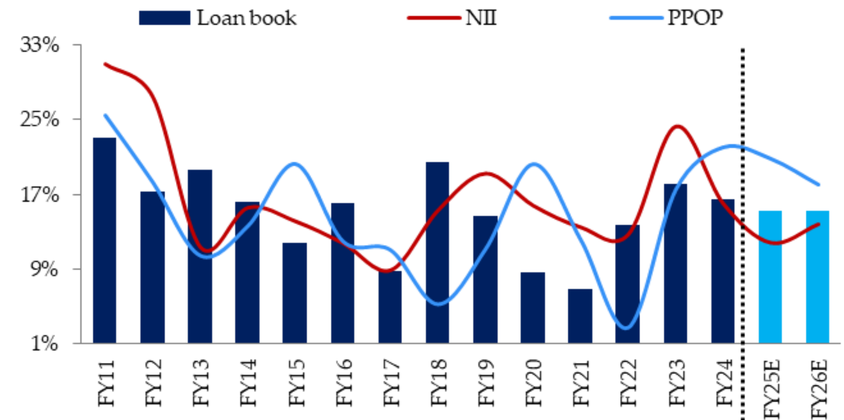
Financials - Banks + NBFCs

Credit costs normalisation to weigh on earnings

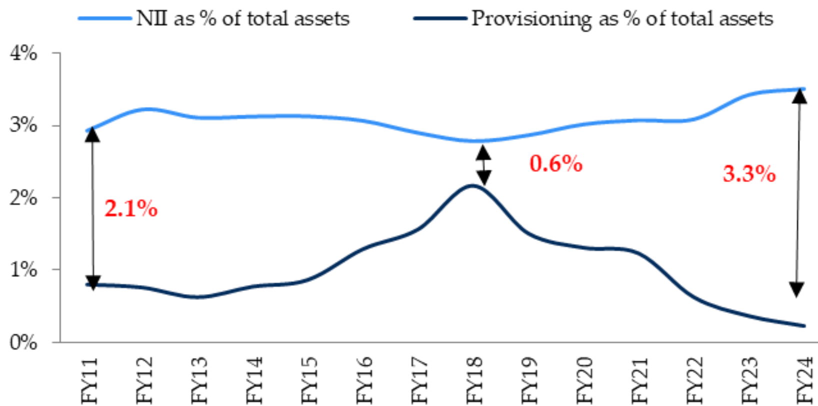
5 year CAGR - NII, PPOP and loan book*



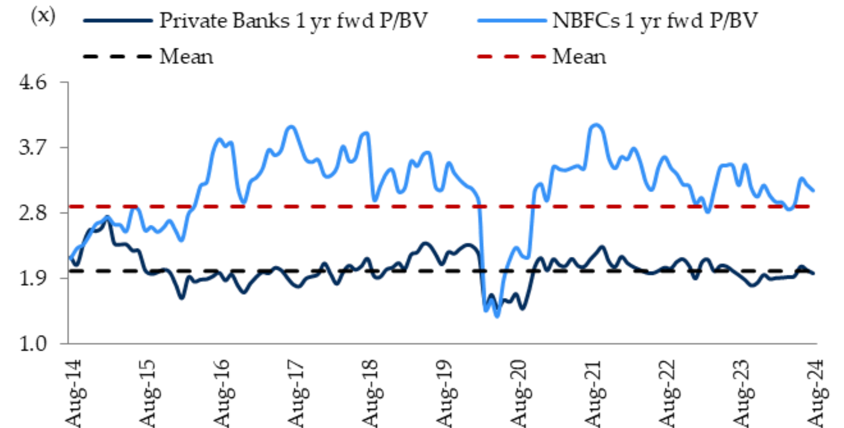
Loan growth expected to trend lower; PPoP growth to soften



Risk-adjusted margins at an all-time high



Banks, NBFCs trading near 10-year mean (1yr-fwd P/BV)



Source: Company, Bloomberg, HSIE Research | Banks: ICICIBC, AXSB, SBIN, KMB; NBFCs: BAF, LICHF, CIFC, MMFS | IND AS for NBFCs since Q1FY18; *AUM for NBFCs

Financials - Banks + NBFCs

Q1FY25	PPOP trend	Loan growth	Strategic/Others	Valuation
	Q1FY25/5-yr CAGR (YoY)	Q1FY25/5-yr CAGR (YoY)		
ICICIBC	13%/21%	16%/16%	With bulk of asset repricing behind expect NIM compression to continue; Nearly fully optimised operations	Sustaining sector leadership; organic recoveries and upgrades normalising at the margin
	Sustained credit momentum, strong fee income, near optimal efficiency	Loan growth robust, especially retail segments		
SBIN	5%/15%	16%/12%	Prolific sourcing edge and maturing digital stack driving higher throughput	Productivity gains to drive RoA reflation with credit cost normalising upwards
	Healthy loan growth; stable NIMs, improving operating efficiencies	Broad-based growth across segments led by SME and Retail		
AXSB	15%/11%	14%/15%	Deposit handicap and elevated LDR pose growth constraint; unsecured portfolio showing early signs of stress	Higher opex, margin compression, and poor pricing power to keep medium-term RoA in check
	Modest credit growth; offset by treasury gains and moderate NIM reflation	Modest growth in Retail and SME segments with marginal pick-up in corporate book		
KMB	18%/19%	19%/13%	RBI embargo warrants disproportionate investments in restoring regulatory confidence	High-quality franchise with enough levers to sustain healthy RoAs
	Robust growth but at the cost of significant NIM compression	Healthy loan growth, especially in CV/CE & SME segments		
BAF	25%/24%	31%/22%	Increasing scale, competitive intensity to weigh on pace of loan growth	Value emerging after recent underperformance
	Moderation in NIMs, operating efficiency improving	Sustained traction in loan growth across segments		
CIFC	38%/26%	35%/22%	Demonstrated ability to scale up in new segments in profitable manner	Moderate upside, given stretched valuations
	Sustained NIMs with favourable loan mix, asset repricing	Strong loan growth despite moderation in vehicle financing		
LICHF	-12%/10%	4%/8%	Total absence of competitive moat in core mortgage business	Inferior franchise translating into low valuation multiples
	NIMs normalisation post super-normal margins in FY24	Elevated competitive intensity from banks		
MMFS	13%/9%	23%/10%	Disconnect in medium-term roadmap on account of double whammy of lower NIMs and higher credit costs	Stability in operating performance key to any re-rating
	Margins remain under pressure; fee income aids PPOP growth	Healthy loan growth , moderation in disbursals		

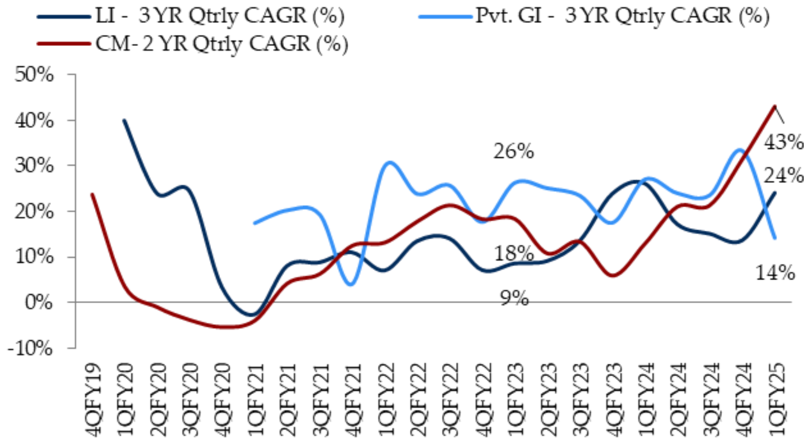
Positive Medium Negative

Source: Company, HSIE Research | Sorted by market capitalisation (as on 20-Aug-2024)

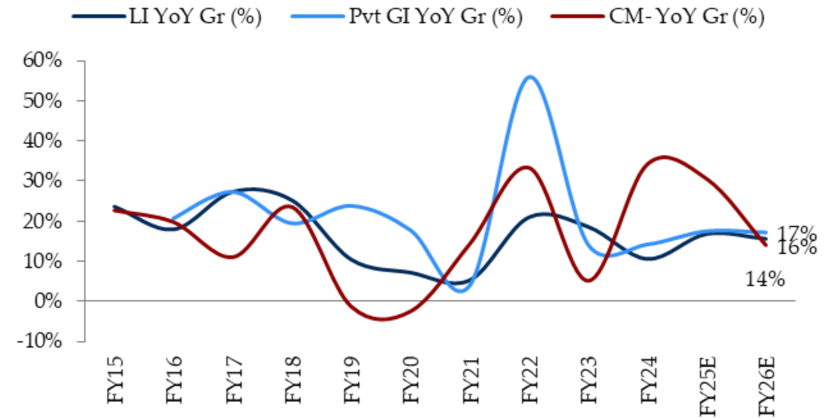
Financials - Insurance and Capital markets

Long-term growth runway driven by under penetration; current valuations inexpensive

Revenue Growth: First signs of fatigue in capital market businesses

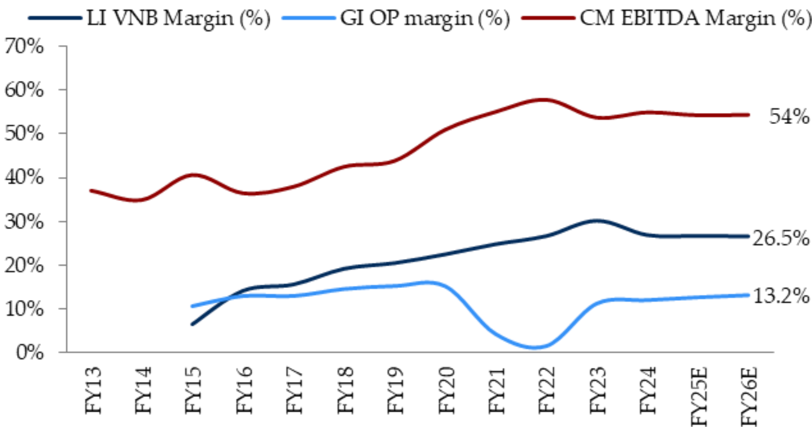


Revenue Growth: Healthy but moderating from high base

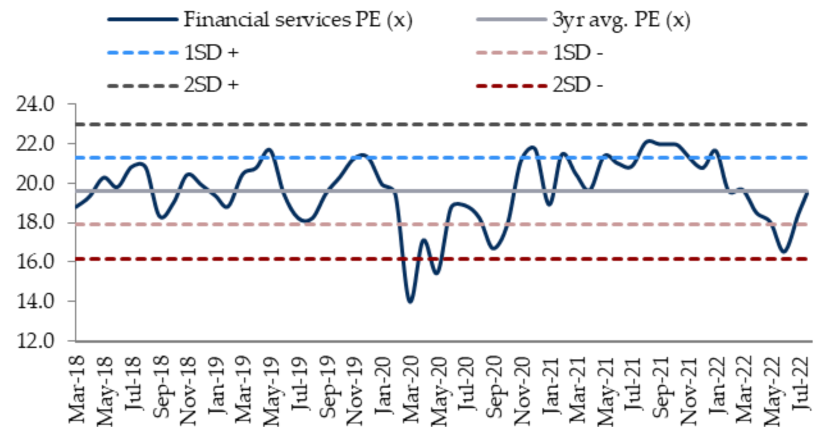


Note: For ICICIGI, FY22 includes Bharti AXA merger and hence shows spike in growth, normalized growth is 14% over FY21-23E.

Margin Trend: Margins stabilising



Sector (Fin. serv) P/E: Trading just below 3yr mean valuations



Qtrly charts exclude CAMS and UTIAM due to unavailability of data. VNB – Value of new business, revenue for life insurers is annual premium equivalent (APE). Capital markets (CM) represent brokers, AMCs, exchanges and depositories and include CAMS, HDFCAMC, NAMC, ISEC, BSE, CDSL and MCX. Life insurance (LI) represents SBILIFE, HDFCLIFE, IPRU and MAXF. General Insurance (GI) represents ICICIGI & STARHEAL.

Financials - Insurance and Capital markets

Q1FY25	Revenue Trend Q1FY25/ 3-Yr CAGR (YoY)	EBITDA Trend Q1FY25/ 3-Yr CAGR (YoY)	Strategic/Others	Valuation
Life Insurance				
SBILIFE	20%/+31% Despite slowdown in SBIN distribution, growth momentum continued	11%/+42% Impacted by larger contribution of non-SBIN channel & higher ULIP sales	Strongest LI franchise; Focus on driving high margin retail protection, exclusive access to SBIN distribution	Significant upside potential
IPRU	34%/+17% ICICIBC channel stabilising; incremental focus on growth instead of margins	8%/+10% Frequent changes in actuarial assumptions and rising ULIP mix	Stability in ICICIBC channel to drive growth and higher VoNB; New Business margins to witness compression	Growth pivot offers modest reflation in valuation multiple
General Insurance				
STARHEAL	16%/16% Growth not picking up despite price hike; drop in number of policies	-3%/NM Loss ratio remains at elevated levels	Lower retentions ratio resulting in lower float; entering new Banca partnerships and acceleration in SME/MSME group business	Negatives priced in; positive catalysts around re-calibrated portfolio mix offer upside risk
Asset Management Company				
NAM-INDIA	43/19% Equity yields stable on YoY basis	56%/21% Gradual optimisation translating into steady operating leverage	High-yield AUM churn largely behind; sustained market share gains in SIP flows	Best-in-class; re-rating potential on equity yields bottoming out ahead of peers
Brokers				
ANGELONE	77%/+48% Buoyant acquisition engine and strong growth in MTF book	37%/+36% Super-app journeys drive efficiency gains	Monthly client additions peaked in Dec'23; soft customer activation evident from sequentially lower order growth	Less cyclical compared to full-service brokers; however, regulatory pressures cap potential upside
Exchanges and Depositories				
CDSL	72%/35% Both annuity revenue and market-linked revenue witnessing strong growth	91%/47% Margin expansion led by growth offset by higher tech cost, target is to be in the 58-60%	BO account addition strong, dominant market share (~77%) and incremental share at 90%. Option value of insurance opportunity, private company demat, land records remain.	Market share gains, increasing annuity revenue, upward revision in growth estimates and option value leading to premium valuation.
MCX	61%/24% Revenue growth led by strong growth in options and futures volume (multi-quarter high).	6%/40% Reached steady state EBITDA margin of ~60-65%, cost likely to remain fixed and growth will lead to margin expansion.	New product pipeline promising, new launches to drive next phase of volume growth. MD appointment brings stability and is the least impacted from regulatory changes	Commodity options volume still at infancy, further re-ratting possible with volume growth, new product launches.
BSE	182%/40% Revenue growth led by market share gains, uptick in option volume and higher realisation due to price hike.	347%/120% Margin expansion led by growth however regulatory charges impacted EBITDA margin	Options volumes has registered strong growth but post the regulatory changes we expect ~20% drop in volumes. The volume growth will normalise in FY26E.	Valuations will remain under check due to regulatory uncertainty (clearing, restrictions on weekly options and increase in lot sizes)

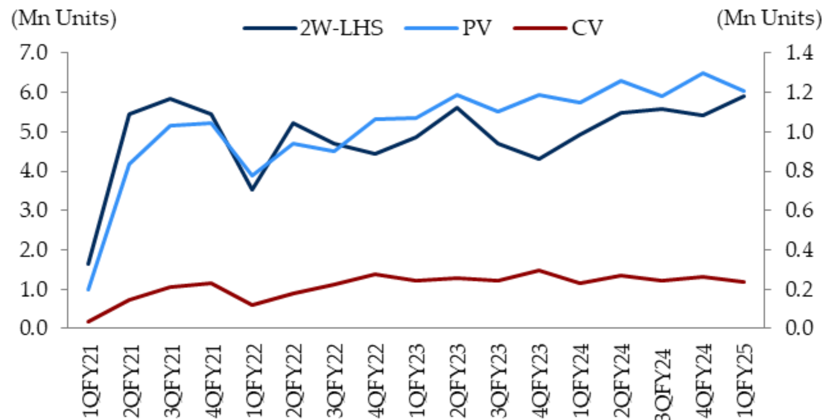
Positive | Medium | Negative

Note: ULIP- Unit linked insurance plan, ADTV- average daily turnover volumes, NPAR- non-participating, BO: Beneficiary Owner. Sorted in order of Market cap
* ANGELONE CAGR numbers are of 3 years, as data available from FY21 onwards

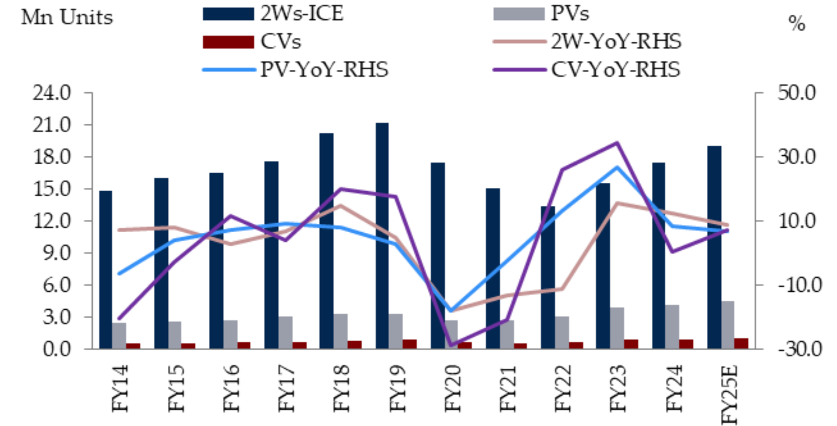
Automobiles and Auto Ancillaries

Margins improve on higher volumes and soft input costs

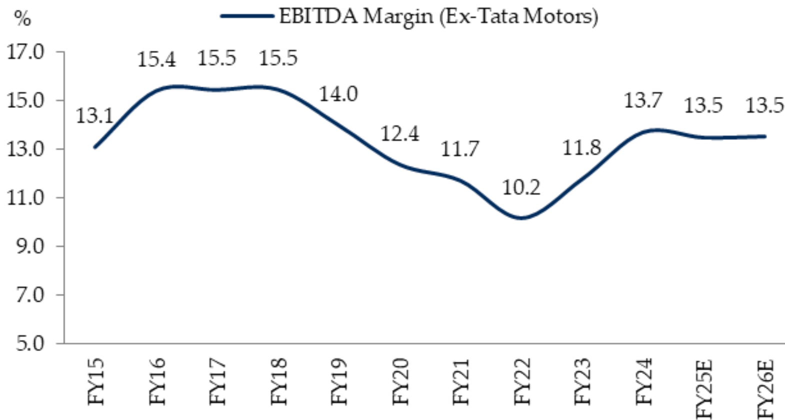
Volume (in mn units): UVs drive growth, CVs muted



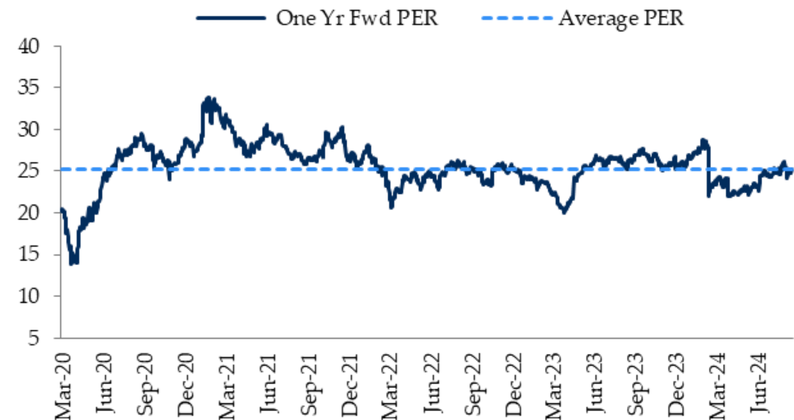
Volume (in mn units): Growth rates to normalise across segments in FY25



Margin Trend: Sector margins recovering on the back of softening RM



P/E band (x): Select stocks offer attractive valuations



Automobiles and Auto Ancillaries

Q1FY25	Revenue Trend	EBITDA Trend	Strategic/Others	Valuation
	Q1FY25 (YoY)	Q1FY25 (YoY)		
Bajaj Auto	+15%	+23%	Recovery in key exports markets (Africa) is taking time. Higher RM prices, higher ad spends for new launches to keep margins range bound.	Valuations are unfavorable relative to outlook
	Revenue growth led by 7% YoY growth each in volumes and ASP	Both margins and earnings came higher than our estimates. Margin improvement YoY led by improved mix and better export realisation		
Hero MotoCorp	+16%	+21%	Rural recovery, new distribution strategy (Hero 2.0) and ramp up of premium launches are expected to drive revenue growth. Notwithstanding the margin drag, focus on EV remains unabated with continued investments for new products and segments. While it is firing on all engines, we remain cautious given its patchy track record of new launches.	Valuations are unfavorable relative to outlook
	Volumes up 14% YoY with exports driving the growth	Sequential 10bps improvement in margin led by lower operating expenses		
TVS Motors	+16%	+26%	Outperformance vis-à-vis industry expected to continue, with healthy demand for Raider, i-Qube, Jupiter 125. Exports growth to be driven by Lat Am, and Middle East.	Premium valuation appears justified
	Revenue growth led by 14% YoY growth in volumes, while ASP was up just 2% YoY.	Margin at 11.5% has further improved by 20bps QoQ led by a better mix and lower RM costs.		
Eicher Motors	+10.3%	+14.2%	With significant increase in competitive intensity in the 250-500cc segment, RE would be forced to reconsider its pricing/brand strategy very quickly, which will in turn drive margin pressure. It has planned 20-24 new models in the medium term, which would keep margins under pressure due to higher marketing spending.	Competitive pressure to hurt growth outlook, hence valuation premium no longer justified
	RE volume down 1% YoY, realisation up 9% YoY	EBITDA margin was better than estimates led by lower input costs		
Tata Motors (Consolidated)	+5.7%	+14.4%	JLR margins to be impacted due to higher spending to generate demand in FY25. Growth in PVs expected to normalise over the high base of two years.	Too much optimism seems to be factored in
	JLR Q1 volumes down 11% YoY, CV volumes up 6% YoY	JLR EBITDA margin down 50YoY at 15.8%. EBITDA margin in CV business improved 290bps QoQ to 12.7% led by lower RM prices.		

Positive | Medium | Negative

Automobiles and Auto Ancillaries

Q1FY25	Revenue Trend	EBITDA Trend	Strategic/Others	Valuation
	Q1FY25 (YoY)	Q1FY25 (YoY)		
Ashok Leyland	+5%	+11%	AL aspires to have mid-teen EBITDA margin in the medium term. Lined up 6 launches in FY25 to increase addresable LCV market. While AL has maintained an optimistic outlook, we believe it is priced in.	Valuations unfavorable relative to outlook
	AL volume up 6% YoY in Q1 , realisation down 1% YoY	Margin at 10.6% (+60bps YoY), aided by lower commodity prices and cost reduction initiatives		
M&M	12.4%	+24.3%	We continue to remain positive on the business momentum, given: (1) a strong order backlog for UVs (2) the target to increase its market share in tractors led by new launches; (3) focused strides taken to achieve a strong position in EVs.	UV market share recovery driving re-rating
	Auto volumes grew 14% YoY, tractor volume grew 6% YoY after 4 consecutive quarters of decline. Tractor realisation improved 3% YoY. Auto realisation flat YoY.	Margin at 14.9% (+143bps YoY) was better than our estimate at 13.3%. Improved realisation coupled with benign RM prices YoY led to margin beat.		
Maruti	+9.8%	+ 50.9%	The supply of CNG variants is expected to improve with Manesar capacity expansion; which will aid profitability. Export growth expected to continue.	Market share gains would continue to drive re-rating
	Volumes and ASP up 5% YoY.	EBITDA margin growth YoY led by lower RM prices and operating expenses.		

Positive   Medium   Negative

HDFC securities Click. Invest. Grow. 20 YEARS

Automobiles and Auto Ancillaries

Q1FY25	Revenue Trend	EBITDA Trend	Strategic/Others	Valuation
	Q1FY25	Q1FY25		
Apollo Tyres	+1.4% In India, the exports and replacement segments reported strong growth which was offset by a mid single-digit decline in the OEM volumes.	-13.50% EBITDA margin dipped 208bps QoQ, impacted by higher RM prices (natural rubber)	India business growth is expected from replacement and farm tyre segments. In Europe, demand momentum is expected to be better in FY25. Margins are expected to be better in FY25, which will further improve return ratios.	Valuations are getting expensive
Balkrishna Industries	+27.2% Tonnage grew 24% YoY in Q1. ASP recovery continued, it grew 2.3% YoY.	34% Margins down 71bps QoQ to 24.2%.	Outlook remains uncertain with recessionary worries in the UDA, higher freight rates, inflation in RM basket.	Given the uncertain outlook, at 25x FY25 earnings, stock appears expensive
Bharat Forge	5.90% Recovery in oil & gas segment offset by a decline in the PV business.	24.50% Consolidated margin at 18% was higher than our estimate of 15.5% due to lower RM prices.	Strong order wins in defense and aerospace, ramp-up of castings business, and increased demand for light weighting will drive revenue growth.	Valuations attractive relative to peers
Endurance	+15.3% India business grew 16% YoY while Europe business grew 13% YoY.	16.40% India margins declined 138bps QoQ to 12.9%, while Europe margins declined 43bps QoQ to 14.2%.	Focus on premium 2Ws and 4Ws to improve profitability in India . Geopolitical issues and recessionary trends in Europe have dampened the consumer sentiment.	At 37x FY26E earnings, the stock seems expensive.
Motherson Sumi Wiring	+17.5% Volume growth and higher content for premium models led to YoY revenue growth.	+23% Disappointment was the 212bps QoQ margin decline due to higher operating expenses	Major beneficiary of the evolving trends (premiumisation + EVs) with established scale advantage, backward integration capabilities and localisation efforts.	Given its strong franchise and superior returns, premium valuation relative to peers seems justified
Sansera Engineering	+12.7% Growth led by auto-tech agnostic and xEV businesses	11.50% Impact of lower RM prices offset by higher operating expenses.	Addition of new components, increasing wallet share in premium motorcycles will drive growth in auto segment. Aerospace division will drive 40-50% growth in non-auto division in nnext 2-3 years.	Valuations are attractive relative to peers

Positive (green) — Medium (yellow) — Negative (red)

Automobiles and Auto Ancillaries

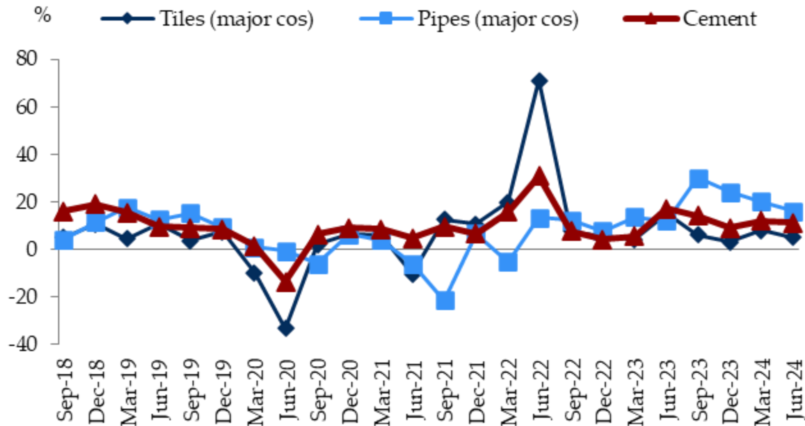
Q1FY25	Revenue Trend	EBITDA Trend	Strategic/Others	Valuation
	Q1FY25	Q1FY25		
Samvardhana Motherson	+28.5%	+44.2%	Beneficiary of premiumisation trend which implies higher content per vehicle. Diversification to non-autos (defence and consumer electronics) provides revenue visibility.	Valuations are attractive
	Revenue growth led by Modules and Polymer products division			
Suprajit Engineering	8.1%	20.80%	SEL expects SCD to report double-digit revenue growth with better margins as compared to FY24. Domestic cables division pursuing 'Beyond Cables' strategy.	Valuations are attractive
	Revenue growth led by 2W division (+25% YoY).	Margin down 30bps QoQ to 11.8% due to higher RM prices and higher freight costs.		

Positive Medium Negative

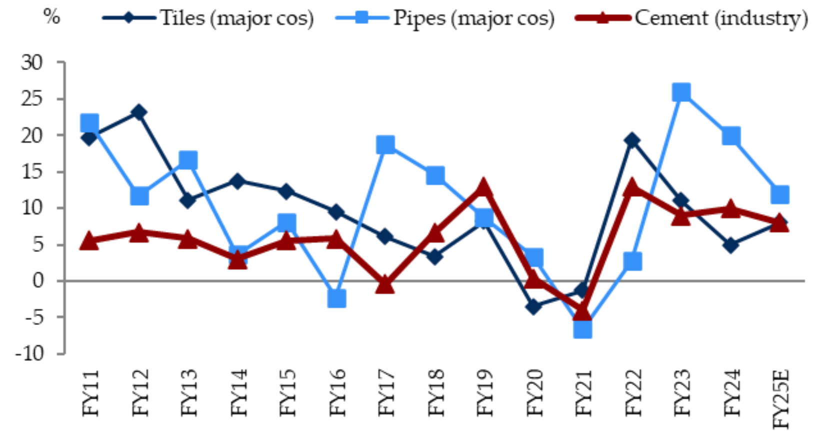
Building Materials

Healthy volume growth for cement & pipes with rising margins; tiles muted

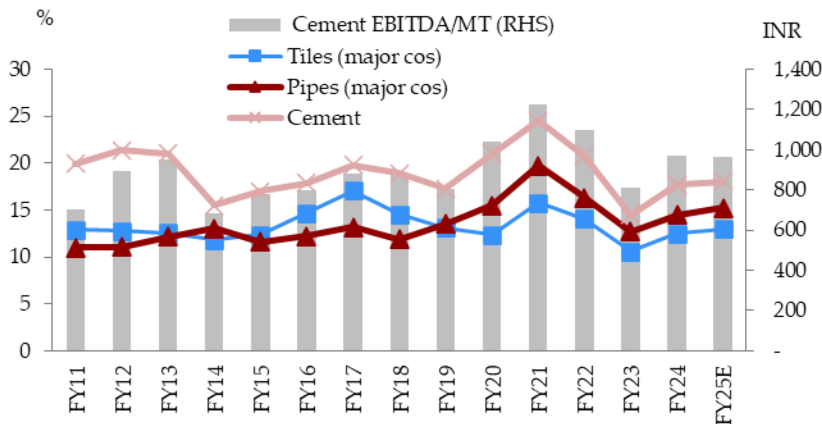
2-year quarterly volume growth: Healthy volume growth in pipes and cement segment, muted volume in tiles segment



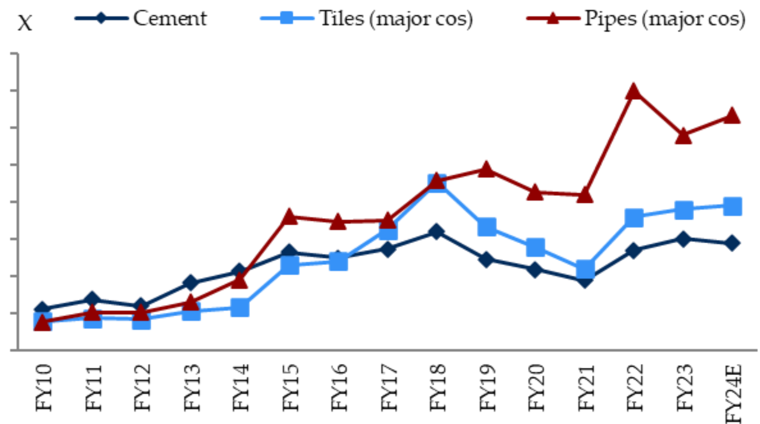
Volume Growth: Industry leaders across all three segments to grow at faster pace



Margin Trend: Margin is expected to further improve in FY25 for all segments



Sector 1 year forward EV/EBITDA trends: Reasonable valuation in cement , tiles; but pipes trades at premium valuation



Building Materials

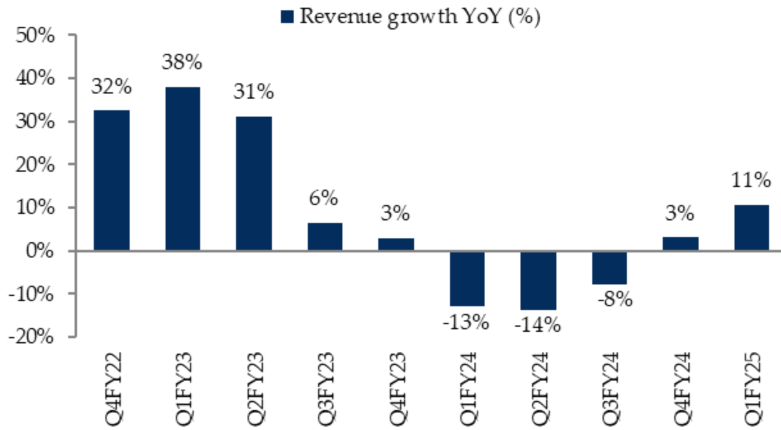
Q1FY25	Revenue growth trend	EBITDA growth trend	Strategic /Others	Valuation
	Q1FY25 YoY %	Q1FY25 YoY %		
UltraTech	2%	0%	Continued asset sweating and cost reduction	Valuation upside
	Healthy volume growth	Subdued pricing offset cost reduction		
Shree	0%	-2%	Robust margin; large cash pile	Valuation upside
	Reported strong volume growth	Weak realisation in east		
ACC	-1%	-12%	Cost rationalisation/ increase share of green energy	Valuation upside
	Lower NSR	Margin dip owing to price fall		
Ambuja	-5%	-23%	Cost rationalisation/ major expansion in pipeline	Valuation upside
	Weak volume growth	Opex rose QoQ		
Dalmia	0%	9%	Fast expansion supported by strong cashflow	More rerating possible
	Recovery in volume	Reduction in rebate		
Ramco	-7%	-6%	Focus on gaining market share, product offerings	Valuation upside
	Weak demand in south	Weak realisation in core market		
Birla Corp	-9%	-13%	Various cost reduction efforts underway, Mukutban ramp-up	More rerating possible
	High competition intensity	Reduction in incentive income		
JK Cement	5%	19%	Cement focus in north/ central. Foray in paints a dampener.	Expensive valuations
	New plant ramps up	Sharp fall in cost		
Supreme Ind.	11%	20%	Continued expansion, and focus on value added products (VAP)	Expensive valuations
	Healthy volume growth	Inventory loss in base quarter		
Astral	8%	6%	Focus on VAPs, ramp up bathware/ paints business	Valuation upside
	Strong plumbing demand	Weak margin - high other expenses		
Century Ply	13%	-17%	Aggressive expansion to gain market share	More rerating possible
	Healthy growth in ply, MDF	Raw material cost presure		
Kajaria	5%	-1%	Continued focus on market share gains and margin	Valuation upside
	Strong volume growth	Subdued tiles price		
Somany	-1%	-3%	Brand premiumisation and cost control	More rerating possible
	Muted demand	Op-lev loss		

Positive　Medium　Negative

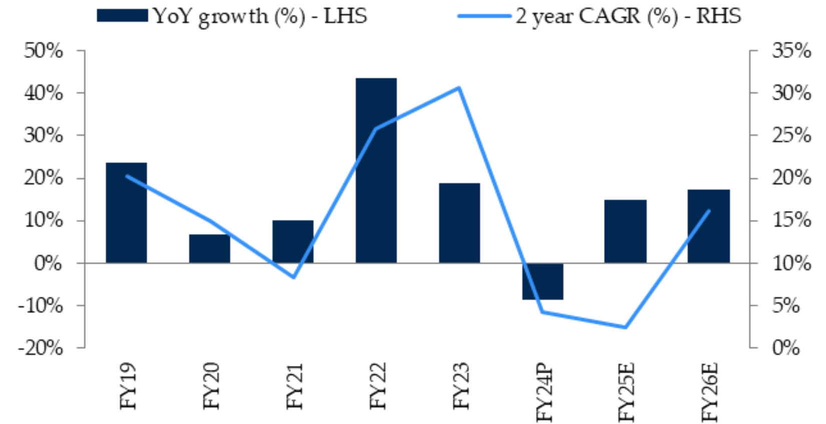
Chemicals

Early signs of a sequential recovery in revenue and margins

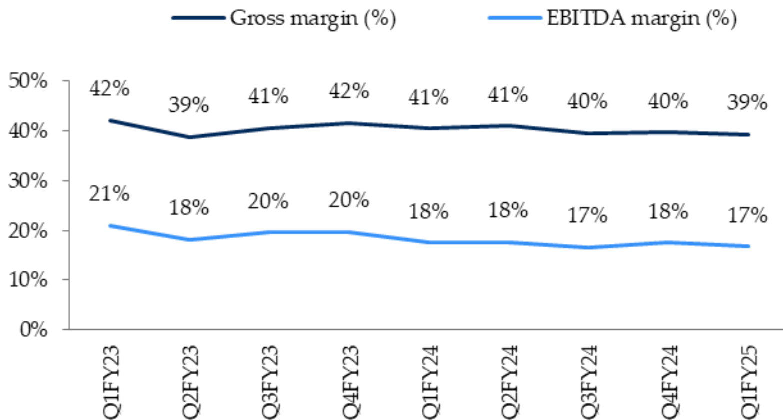
Revenue Growth: Revenue remain stagnant YoY in Q4 owing to improved demand



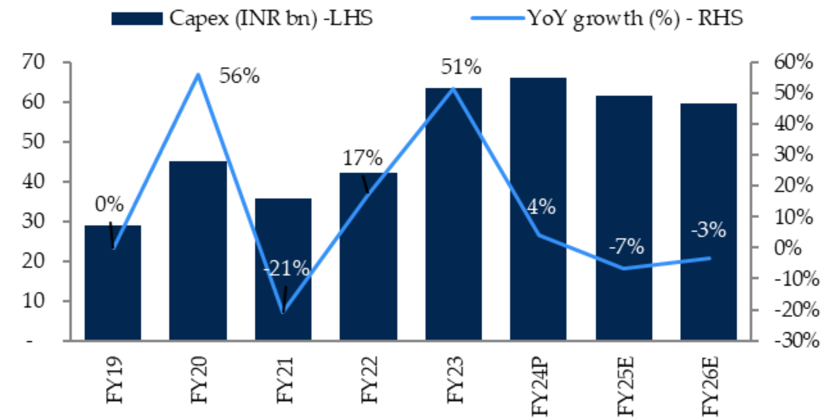
Annual revenue trend: Revenue growth over the years



Margin trend: Improved margins owing to mixed impact on realisation



Capex: Growth to be backed by consistent investments in Capex



Note: The above charts are made from the aggregate data of these companies: Aarti Industries, Alkyl Amines, Deepak Nitrite, Fine Organics ,Galaxy Surfactants, Navin Fluorine, Neogen Chemicals, NOCIL, SRF Ltd, Vinati Organics and Sudarshan Chemical

Chemicals

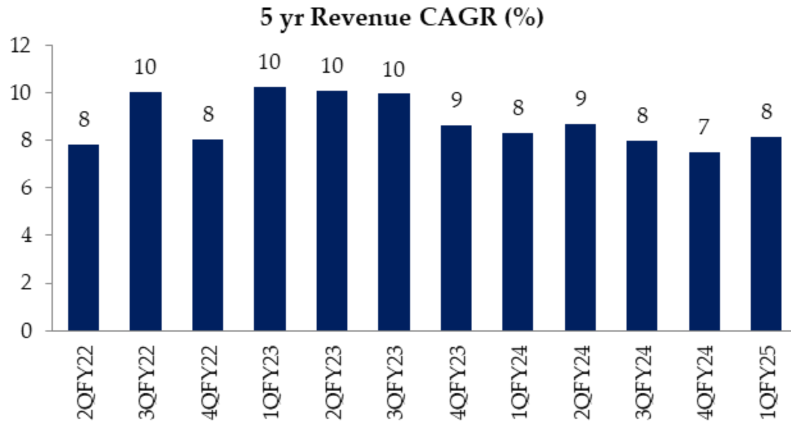
Q1FY25	Revenue Trend Q1FY25/ 3-Yr CAGR (YoY)	EBITDA Trend Q1FY25/ 3-Yr CAGR (YoY)	Strategic/Others	Valuation
Navin Fluorine	7%/17% weak performance in specialty chemicals (31% of the revenue mix) due to inventory rationalisation by agro-chemical players. It was offset by improved performance in the HPP (54% of the revenue mix) and CDMO segments	-12%/9% EBITDA came in at INR 1,004 mn (-12/-9% YoY/QoQ) due to exceptional gas pricing while impacted due to lower specialty and CDMO sales while EBITDA margin came in at 19.2 % (-409/+88 bps YoY/QoQ bps)	(1) earnings visibility, given long-term contracts; (2) tilt in sales mix towards high-margin high-value business; (3) capacity expansion led growth; and (4) strong R&D infrastructure	Valuation upside
Deepak Nitrite	23%/12% Revenue improved by (22.5/1.9 % YoY/QoQ) to INR 21.66bn in Q1FY25. Revenue improved due to improved product mix, volume growth, and management's steps to target new territories and customers. Additionally, the favourable price trend in phenolic supported revenue growth	47%/-12% EBITDA margin improved by 241/11 bps YoY/QoQ to 14.3% owing to growth in the phenolic business. EBITDA improved by 47.4/2.7 %YoY/QoQ to INR 3bn	Focus on downstream of phenol with lower margins and high input, utility and logistic costs will continue to put pressure on the company's margin	Valuation downside
Fine Organic	0%/15% The revenue came at INR 5.497 bn (+0.5/0.5 YoY/QoQ %).	-1%/39% EBITDA came at -1.1/2.6% YoY/QoQ to INR 1.397 bn due to (a) change in material cost by -4.5/+1.4% YoY/QoQ and (b) increase in employee cost by +12.4/+3.7%. EBITDA margin changed by -39/-82 bps YoY/QoQ to 25.4%.	Unique business model with high entry barriers and the company has leadership in oleo-chemical based additives in the domestic and global markets with a loyal customer base	Valuation downside
Galaxy Surfactants	3%/6% Q1 revenue increased by 3.4/4.9% YoY/QoQ to INR 9.74bn. EBITDA margin increased by -34/179 bps YoY/QoQ to 12.7%. ROW volume grew by 24.5% YoY while AMET and Domestic increased by 4.9% and 2% YoY respectively	1%/5% Gross profit margin has improved by 119/96 bps YoY/QoQ to 33.58% in Q1FY25.EBITDA per kg for the quarter was INR 19.4/kg compared to INR 20.7/16.7 per kg in Q1FY24/Q4FY24	the global home and personal care leaders having raised the volume growth outlook for 2024 after strong volumes in Q1CY24, demand for premium specialty care products expected to rebound as demand in Europe and North America rebounds with the easing of inflation and the end of inventory destocking; and demand in the domestic and RoW markets continuing	Valuation upside
Neogen Chemicals	9%/29% Revenue came at INR 1,800mn (9.1/-9.9% YOY/QOQ). It was impacted due to a decrease in prices of bromine and lithium	51%/-1% EBITDA changed to INR 308mn (+9.8/-14% YoY/QoQ). While the EBITDA margin decreased to 17.1%(10/-81 bps YoY/QoQ).	Entry into the new age electrolyte manufacturing business, increasing contribution of the high-margin CSM business to revenue, capacity-led growth momentum in legacy business	Valuation upside
Aarti Industries	31%/12% Revenue increased by 30.8/4.3% YoY/QoQ to INR 18.49bn. The revenue growth was driven by a 6% QoQ volume-led recovery in both core and contracted products. The company had stable domestic demand with rebounds in exports	10%/25% EBITDA improved by 51.5/7.4 YoY/QoQ to INR 3bn due to a favourable product mix and supported by volume growth. EBITDA margin increased by 226/48 bps YoY/QoQ to 16.5% although there was pricing pressure due to China dumping.	The company's constant focus on Capex and R&D will enable it to remain competitive and expand its customer base.	Valuation upside

Positive | Medium | Negative

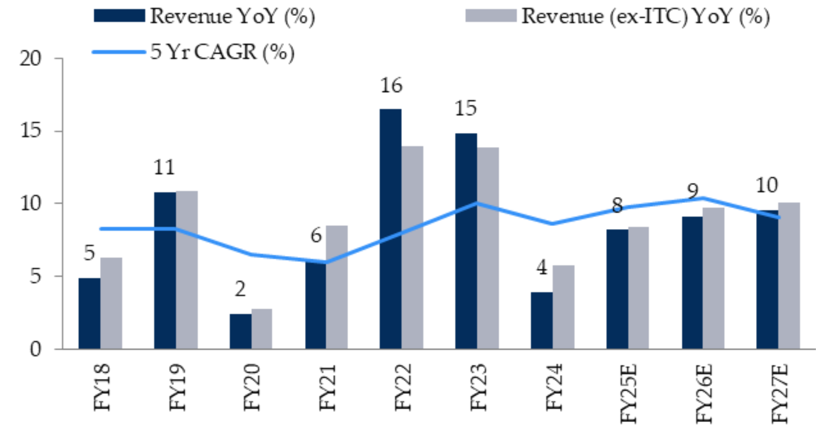
Consumer – FMCG

Demand recovery remains gradual; margins expand on easing RM inflation

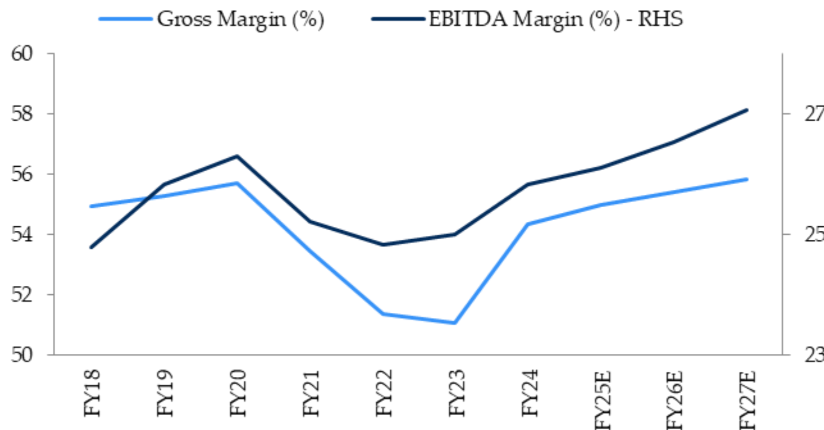
Volumes recovery slower than expected (Ex. Devyani and Sapphire)



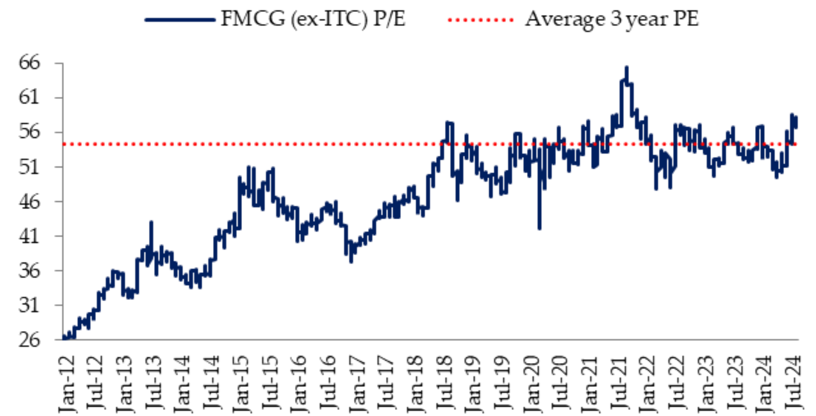
Growth to be largely volume led



Softening commodity inflation to aid margin expansion



Decent correction seen from all time high P/E (1-year fwd) (P/E – 56x)



Consumer – FMCG

Q1FY25	Revenue Trend Q1FY25 (YoY)/ 5-Yr CAGR	EBITDA Trend Q1FY25 (YoY)/ 5-Yr CAGR	Strategic/Others	Valuation
ITC	8%/9% Cigarette vol surprises	1%/7% Margin pressure across all non-FMCG business	Drive up cigarette volumes, further improve margin profile of FMCG business	Fairly valued
HUL	2%/9% Challenging demand scenario; however volume trends improved sequentially	2%/6% Margins to remain flat in FY25 due to royalty increase and loss of GSK distribution contract	Rural recovery to aid volume led from 2H. Defend market share. Build back gross margins. Focus on premiumization and newer channels	Fairly valued ; further uptick in valuation multiple will be contingent upon vol recovery along with margn delivery
Colgate	13%/7% HSD vol growth along with market share gains	22%/11% Margins improve on back of benign RM, cost control, operating leverage and premiumization	Increase per capita consumption, Premiumize, build personal care	No trigger for further re-rating
Marico	7%/4% 4% vol growth despite structural interventions in distribution infra underway	9%/6% Margins to see moderate expansion	Focus on improving profitailbity of foods and digital first brands, driving distribution in rural areas	Fairly valued
Emami	10%/7% Favourable summer season, ramp up in healthcare portfolio aided growth	14%/10% Cost optimization, benign RM costs, increased salience of high margin products drive beat on earnings	Favourable weather conditions, Distribution expansion to support growth	No trigger for further re-rating
Dabur	7%/8% Muted growth across segments except oral care	8%/7% Margin to see moderate expansion in FY25	Increasing salience of healthcare range, double F&B in 3-4 years and driving penetration led gains in core portfolio	Fairly valued
GCPL	-3%/7% Domestic vol growth of 8% aided via ramp - up of acquired brands, incubation of newer categories ; however core disappoints	7%/10% India business margin disappoints Indonesia and Africa improves	Category Development, Expanding India TAM, further improving profitability of international business	Scope for re-rating, if see HSD vol growth along with margin improvement
Jyothy	8%/12% Volume led broad based growth across all segments except HI	14%/15% Moderate margin expansion to contiune on back of operating leverage, cost optimization initiatives	Market share gains, disruptive innovation, focus on moderate margin expansion to drive growth	Re-rating potential
Nestle	4%/10% Weak vol growth on back of inventory correction wrt infant milk business, price increases in bundle packs	6%/9% Decent show on margin front despite RM inflation and subdued volume growth	New Category development , distribution in rural and massive capacity expansion	No trigger for further re-rating
Britannia	4%/9% Healthy volume growth. Price cuts amidst high competition	9%/14% Margins corrected due to lower than expected gross margin gains and higher than expected marketing investments	Focus on tactical pricing action to defend market share. Distribution expansion, product launches.	Fairly valued

Positive Medium Negative

Consumer – FMCG

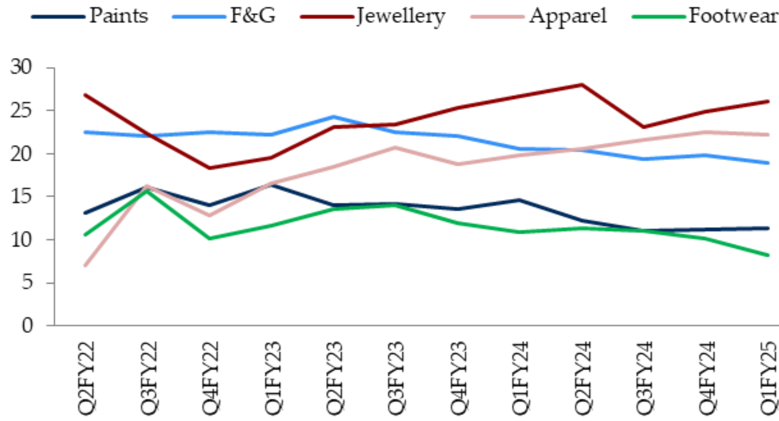
Q1FY25	Revenue Trend Q1FY25 (YoY)/ 5-Yr CAGR	EBITDA Trend Q1FY25 (YoY)/ 5-Yr CAGR	Strategic/Others	Valuation
UNSP	8%/2% Mid single digit vol growth in P&A segment despite election related restrictions	19%/6% Expansion in margin owing to lower trade spends, better sales mix and cost optimization programme	Continue to drive salience of P&A and gradual expansion in margins	Fairly valued
Radico	19%/13% Strong performance in P&A segment	25%/9% Margins improve due to superior product mix	Improving P&A mix, backward integration, softemomg packaging costs to aid margins	Re-rating potential
Jubilant	10%/9% Positive SSSg of 1.5%, given company focus on improving customer experience, launching value offerings and product innnovation	-5%/NA SSSg recovery comes at cost of marketing investments	Mgmt focussing on SSSG over margins and expecting Tech, digital, supply-chain and store expansion to drive up margin in medium term	Fairly valued
Devyani	44%/NA Consolidation of Thailand business drives growth, SSSG weak across brands	27%/NA Negative oplev due to weak SSSG led to margin pressure	KFC Store expansion, launching value offerings and scaling down PH brand	Fairly valued
Sapphire	10%/NA SSSg weak, however better than Devyani as far as KFC is concerned despite Navratra impacting its coverage area	-8%/NA Negative oplev due to weak SSSG led to margin pressure	Focus on improving profitaiblity of Sri Lanka and PH, Store expansion to continue for KFC India business	Re-rating potential
Westlife	0%/10% Weak SSS, Cheese controvery and boycott of American brands dented growth	-37%/10% Negative oplev due to weak SSSG led to margin pressure	Product innovation, Launch of Mcsavers store expansion and chicken scale-up	No trigger for re-rating

Positive (green) | Medium (yellow) | Negative (red)

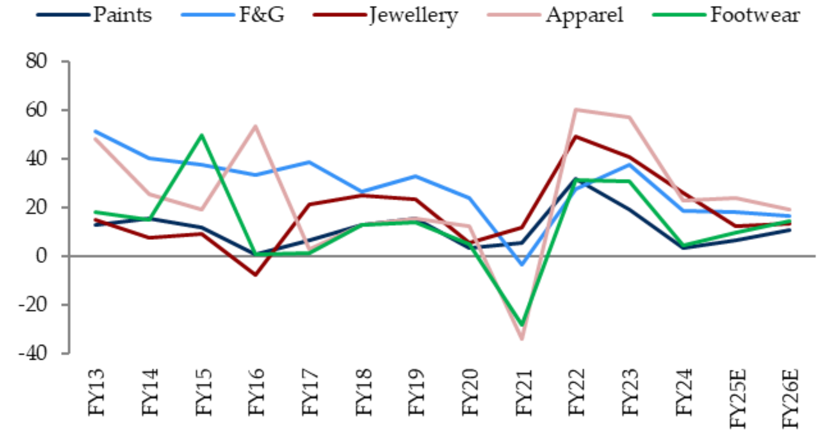
Consumer – Discretionary

Demand environment continues to remain challenging

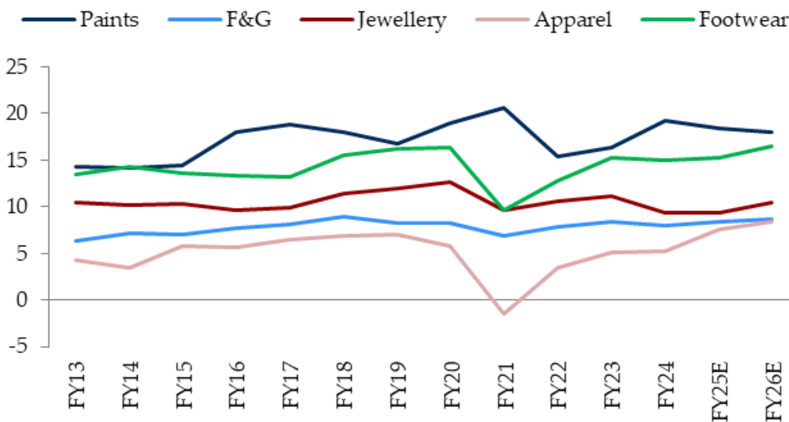
5-yr Revenue CAGR: Most categories (ex-jewellery) sustaining similar trend



Long term growth prospects remains intact



Higher A&P spends to keep EBITDA margin expansion in check



Sector P/E (1 Year Fwd): Decent correction seen from all time high P/E

Consumer – Discretionary

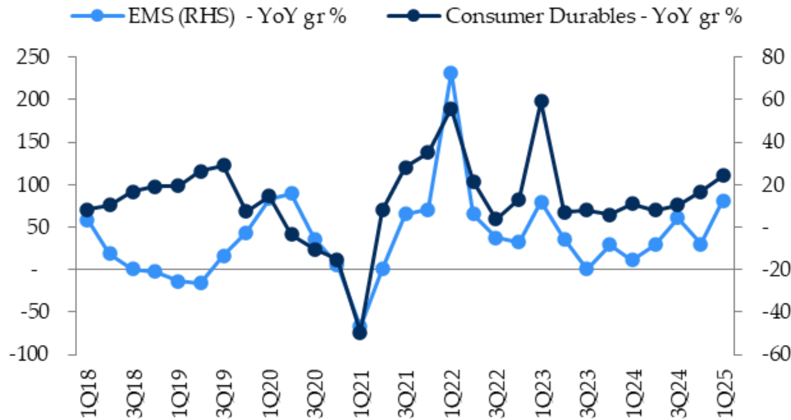
Q1FY25	Revenue Trend Q1FY25 (YoY)/ 5-Yr CAGR	EBITDA Trend Q1FY25 (YoY)/ 5-Yr CAGR	Strategic/Others	Valuation
DMART	18.4%/18.9%	17.8/15.4%	Focus on striking a balance between growth & Unit economics. Key monitorable store expansion pace	Fully priced. No margin of safety
	General Merch. share normalises upwards; sales density back to pre pandemic level	GM improved 34bps while EBITDAM remained largely flat YoY; mix stabilization led to normalised margins		
Titan	Standalone Jewellery-ex-bullion growth (8.9%/19.5%)	Standalone Jewellery ex-bullion EBIT (10.4%/20.1%)	Focus likely on gaining volumes as gold price tailwind mostly played out. Custom duty cuts on gold imports will be positive for organised players	Fully priced
	2/6% byer/ticket size growth; SSSG stood at 3% in Q1	Jewellery EBITM contracted by 28 bps courtesy higher A&P spends to defend market share.		
ABFRL	7.3%/10.7%	PBT margin stood at -7.3% vs. -6.3% in Q1FY25	Value unlocking narrative post demerger into ABLBL and ABFRL more than price in. Stress on balance sheet remains elevated Positive FCF generation in ABFRL entity (post demerger) seems difficult in near future	Weak fundamentals; balance sheet stress warrants lower valuations
	Lifestyle revenue declined 7% YoY while Pantaloons revenue grew 4.6% YoY; Growth was largely driven by new businesses	GM/EBITDAM expanded 180/131 bps YoY led by higher full price sales, lower inventory markdowns etc. Accelerated dep. & int. outgo partially offset by other inc. led to PBT losses of INR 2.49bn.		
Trent	Best-in-class print (57.4%/39.1%).	67/30.1%	Aggressive store expansion plans (esp for Zudio)	Valuation downside as no margin of safety
	Westside growth balanced/Zudio continues to swing big	GM expanded 170bps despite rising skew of Zudio in mix. . Operating EBIT margin (Pre-IND-AS 116) improved to 10.6% (vs. 7.8% for Q1FY24)		
Asian Paints	-2.9/12.5%	-20.3/7.9%	Investing heavily in Capacity increase/ Backward Integration/Acquisition. Dealer additions healthy. Competitive intensity remains high	Fully priced
	Decorative and Industrial business collectively clocked Vol/Val growth of 8.5/-2.2%	GM contracted 40bps YoY while EBITDAM contracted 422bps YoY led by higher A&P and employee cost		
Berger Paints	2/12.5%	-6.2/11.4%	Building capacity to improve inventory management. Competitive intensity remains high	Fully priced
	Volume/Value growth stood at 11.8/2.4%	GM largely reamined flat YoY while EBITDAM contracted 148bps led by higher A&P, employee expense partially set off by product price increases.		

Positive Medium Negative

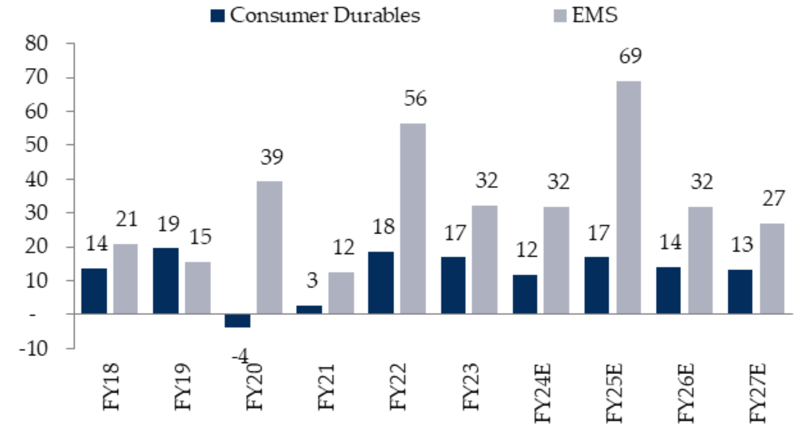
Consumer Durables & EMS

Harsh summer season supporting demand uptick; margins on the mend

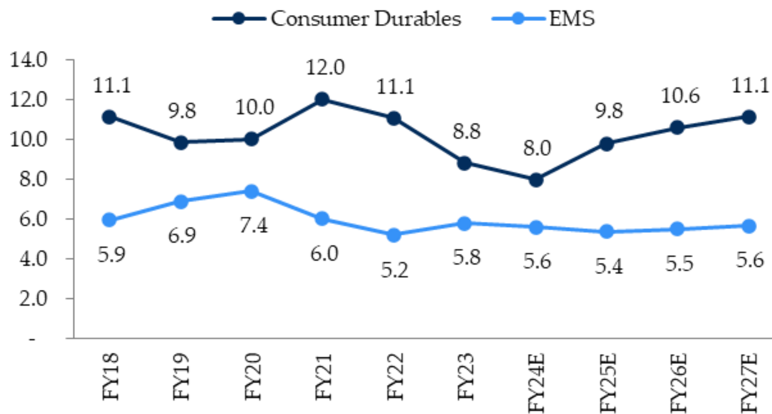
Revenue CAGR: Improving trend over past few quarters



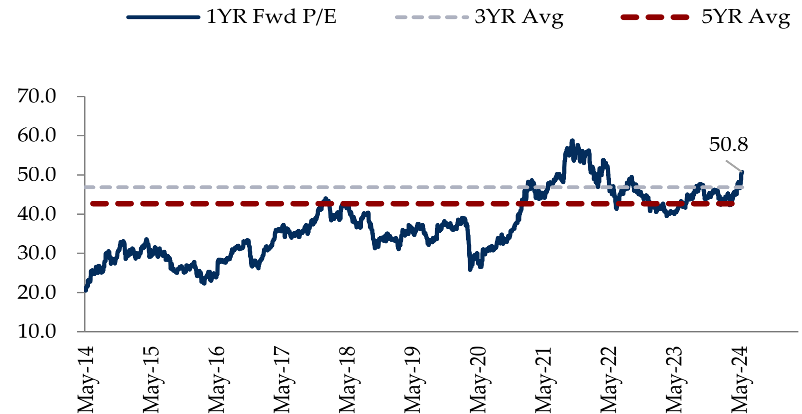
Consumer Durables to grow at long term average; EMS to see accelerated growth



Stable RM prices and improving oplev to aid margin expansion



Sector P/E (1 Year Fwd): Sustained re-rating over past decade



Consumer Durables & EMS

Q1FY25	Revenue Trend	EBITDA Trend	Strategic/Others	Valuation
	Q1FY25 (YoY)/ 2-Yr CAGR	Q1FY25 (YoY)/ 2-Yr CAGR		
Bajaj Electricals	4%/1% CP impacted by muted demand for kitchen appliances, rural softness.Price erosion in lighting offsets healthy volume growth.	-2%/2% Negative oplev, high competitive intensity, sustained long term strategic investments.	Focus on portfolio refresh, offerings across consumer value chain and investments in branding and innovation	Fairly priced
Crompton	14%/7% ECD sustains outperformance; Lighting positive for 2nd consecutive quarter; Butterfly impacted by discounting in online channel	25%/3% Core EBITDA up 34% YoY. Lighting margins impacted by higher A&P spends. Butterfly swings back to profitability	Focus on profit led growth. Higher brand investments. Turnaround lighting and Butterfly	Fairly priced
Havells	20%/17% Growth led by summer portfolio. Sustenance of momentum in B2B . B2C seeing gradual improvement	43%/26% Stable RM and oplev aid margin expansion. Lloyd reports positive EBIT	Build up core portfolio margins; grow ahead of industry in Lloyd	Fairly priced
Orient Electric	7%/10% Fans underperform peers despite harsh summer given soft primary sales, capacity constraints. Lighting sustains industry outperformance	-9%/2% Negative oplev, sustained long term strategic investments.	Distribution expansion (more DTM states); increase premium mix; scale up switchgears, switches and appliances	Re-rating potential
Symphony	76%/27% Harsh summer along with intense heatwaves lead to inventory stock-outs.	327%/81% Stable RM, tactical pricing action, value engineering and improving subsidiary profitability aid margins	Distribution expansion (semi urban, rural, alternate channels); product innovation; turnaround Climate Tech Australia	Fairly priced
TTK Prestige	0%/-3% Shift in consumer wallet share away from KEA .	-10%/-17% Negative oplev, high competitive intensity	Focus on industry leading growth led by premiumization, innovation and quality	Fairly priced
V-Guard	22%/20% Broad based growth across categories.	49%/38% Soft RM, calibrated pricing action and oplev aids margin recovery.	Scaling up non-south. Increase in-house manufacturing mix. Sunflame integration	Fairly priced
Voltas	46%/33% Harsh summer led strong UCP growth. Market share gains in RAC. Domestic EMPS execution improves.	129%/55% UCP margins expand despite liquidation of non QCO inventory (CAC). EMPS swings back to profitability	Drive RAC volume growth; distribution expansion and branding; scale up south presence. Improve EMPS profitability	Fairly priced
Amber	41%/15% Strong growth in consumer durables and EMS. Mobility muted.	49%/41% increasing components mix in consumer durables; margin expansion in electronics segment	Maintain RAC value market share . Increase wallet share in Mobility. Add new segments and customers in electronics	Re-rating potential

Positive | Medium | Negative

Consumer Durables & EMS

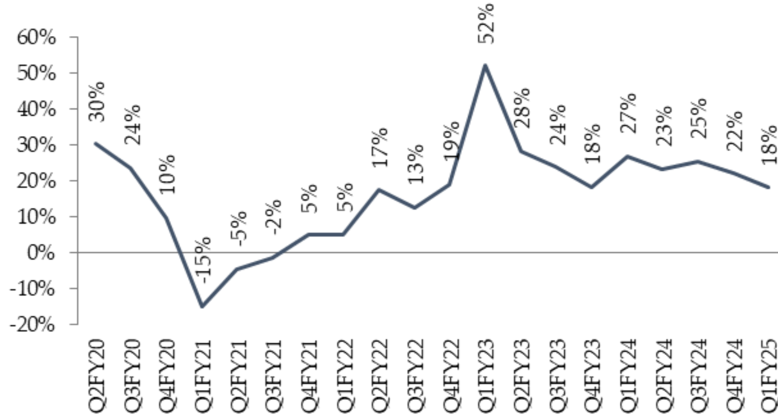
Q1FY25	Revenue Trend	EBITDA Trend	Strategic/Others	Valuation
	Q1FY25 (YoY)/ 2-Yr CAGR	Q1FY25 (YoY)/ 2-Yr CAGR		
Dixon	101%/52%	88%/57%	Ramp up mobile volumes , client addition, backward integration into displays.	Fairly priced
	Mobile & EMS segment continues to drive growth.	increasing mix of prescriptive business impacts margins YoY . Stable QoQ.		
Kaynes	70%/59%	66%/65%	Grow ahead of industry. Reducing NWC days and positive OCF generation in core portfolio. Execute OSAT and bare PCB foray	Fairly priced
	broad based growth across segments.	despite falling GM on changing business mix, EBITDAM fall restricted by by oplev		
Syrma SGS	93%/73%	21%/15%	Increasing mix of higher margin business; improve NWC days; increase share of exports/ODM.	Re-rating potential
	Broad based growth across categories led by consumer segment	increasing mix of prescriptive business impacts margins.		

Positive Medium Negative

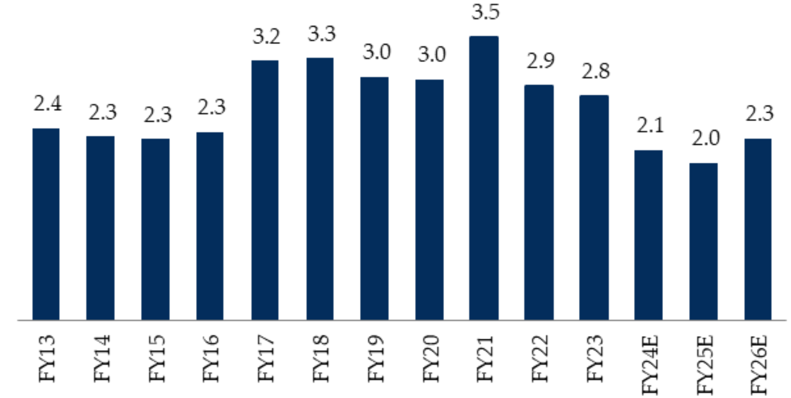
Infrastructure

Healthy revenue growth trend continues; orderbook sluggish but outlook improving

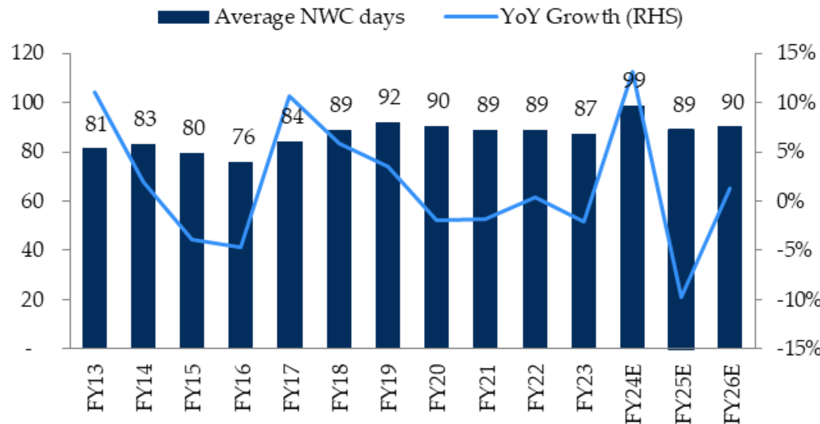
Quarterly revenue growth trend (2-year CAGR %)



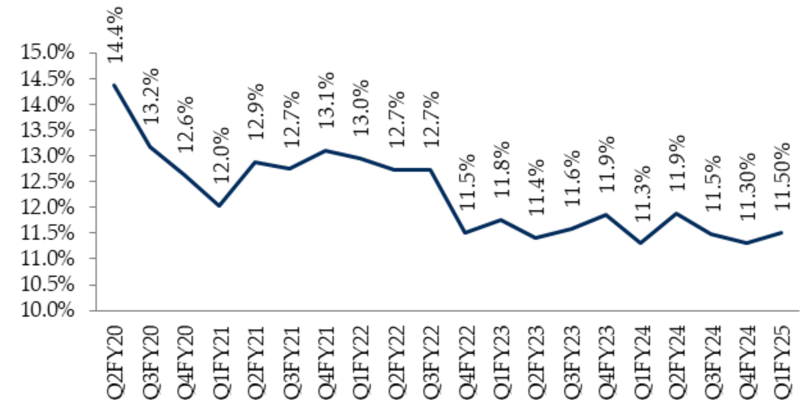
Annual order book to sales (x)



Average net working capital days



Quarterly EBIDTA margins (%)



Infra and Cap goods

Q1FY25	Revenue	Net Debt to Equity (x)	Strategic/Others	Valuation
	Q1FY25	1QFY25 vs. 4QFY24		
Larsen & Toubro	INR 551.2bn (+15.1/+17.8% YoY/QoQ). Guidance maintained	Debt to equity: 0.64x vs. 0.67x	Infra margins bottoming-out, record high OB, improved subsidiary performance, higher public capex towards green economy	Valuation upside
	Strong Order Inflow; All-time high OB; balance sheet managed well	NWC to TTM sales 12% vs. 13.9%		
Siemens	INR 47.7bn (+6.6/-10.3% YoY/QoQ)	Received new orders worth INR 62.5bn	Strong order inflows supported by a healthy mix of orders both from the government and private sector, especially in infrastructure and railways. In addition, focus on digitalisation will drive margins higher	Valuation upside
	Revenue driven by Mobility, Smart infra and Digital Energy	Implied order book stands at INR 434bn		
Thermax	INR 21.8bn (+13%/-21% YoY/QoQ)	Received orders worth INR 25.6bn (+0%/+9.7% YoY/QoQ). Expected baseline quarterly run-rate of INR 23-24bn in ordering and expects ordering ramp-up in H2	TMX stands to benefit from the investment in clean energy, sustainability, decarbonisation, normalisation of the international market and impetus on cleaner air and water. It is very clear on not taking any FGD projects as these are not profitable.	Valuation upside
	EBITDA margins was hit due to onetime design cost	The lower than expected ordering was a result of postponement in large bid order pipeline on back of elections		
Kalpataru Power	INR 37.2bn (+2.8%/-27.7% YoY/QoQ); a miss of 4.4%	Net debt: INR 18.3bn vs. INR 29bn	Improving growth outlook, stable margins, well-diversified order book, robust balance sheet	Valuation upside
	Targets FY25 revenue growth guidance of 20% with an EBITDA margin band of 8-8.5% and a PBT margin band of 5%	Debt reduction possible backed by Indore real asset and road BOOT assets monetization		
KEC International	INR 45.1bn (+6.3%/-26.8% YoY/QoQ)	Concerning debt levels; INR 50.9bn vs. INR 55.9bn, a increase of INR 5bn in Q1FY25	Record high order book with improving margin trajectory	Fairly valued
	Increase in debt at INR 56bn a concern; with peak debt at INR 60bn	Received record orders of INR 76.6bn in FYTD25, the order book stood at INR 420bn, Including L1 of INR 93bn. (~2.1x FY24 revenue).		
Hitachi Energy	INR 13.2bn (+27.6/-21.7% YoY/QoQ)	Received orders worth INR 24.4bn in Q1FY25 (+112.3/73.2% YoY/QoQ), supported by transmission orders. HEI expects a significant increase in domestic order inflows, alongside a substantial rise in demand from foreign markets	Strong bid pipeline, acceleration in the digital offering, likely improvement in margins on high industry capacity utilisation and robust drivers in place for long-term growth; punchy valuations	Limited upside
	EBITDA margin at 3.6% (+37.2/-712.5bps YoY/QoQ) ; miss of 11.4%. Margin miss was owing to higher other expenses and a larger Q4FY24 sales base and increased IT expenses	Segment-wise order mix is diversified into products/projects/services at 57/39/4%. Sector-wise, it is diversified into utilities/industries/transport & infra at 89/9/1%.		

Positive Medium Negative

Infra and Cap goods

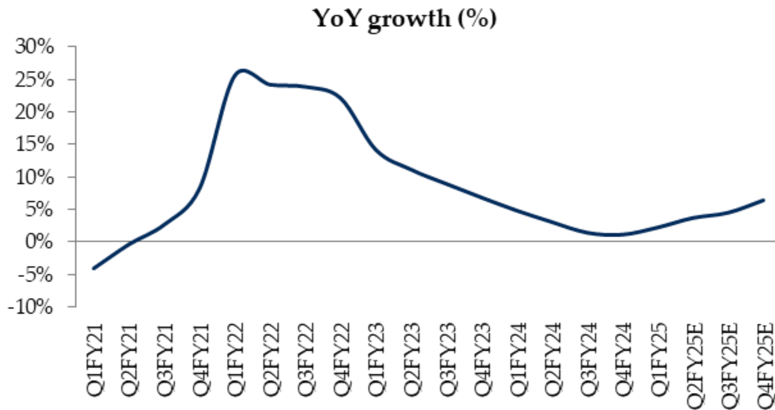
Q1FY25	Revenue	Net Debt to Equity (x)	Strategic/Others	Valuation
	Q1FY25	1QFY25 vs. 4QFY24		
PNC	INR 13.1bn (-29.7%/-36% YoY/QoQ), a miss by 30.9%, weak execution due to election season and heavy monsoon	Net cash reduced from INR 3.3bn vs INR 0.9bn QoQ	Stable order book of ~2.5x FY24 revenue, comfortable balance sheet, equity infusion to be funded by internal accruals	Valuation upside
	For FY25 PNC guided revenue growth guidance to 10% YoY with an EBITDA margin of 12-12.5%, (vs 13-13.5% earlier)	Revised FY25 OI guidance to INR 120-130bn from INR 130-150bn, of which INR 50bn worth of order is already won.		
ABB	INR 28.3bn (+12.8%/-8.1% YoY/QoQ), a miss by 8.3%	RA segment saw a strong inflow from Evs.	The tilt of the demand ecosystem to a reliable supply chain stands to benefit ABB, as clients are opting for better service, spare parts availability and remote monitoring. Brand premiumisation is helping achieve better pricing and margins	Fairly valued
	Order inflows grew 13% YoY to INR 34bn, with backlog of INR 95bn, in a mix of short and long cycle of 60:40	ABB expects large order booking to continue in the EL segment.		
NCC	INR 47.1bn (+22.8/-13.5% YoY/QoQ, 8% beat)	Gross debt increased to INR 18bn in Q1FY25 from INR 10bn in Q4FY24.	Diversified OB at ~2.8x FY24 revenue, Robust order backlog; despite weak order inflow	Valuation upside
	On the back of robust OB, NCC has given FY25 revenue growth guidance of 15%. EBITDA margin guidance stands at 9.5-10%	Expect slowdown in new order inflows at INR 200-220bn (25% decline YoY); Q2FY25 order inflow to touch INR 85bn	NCC has guided for INR 200-220bn of order inflows for FY25, a 25% decline YoY	
HG Infra	INR 15.1bn (+18.4/-7.9% YoY/QoQ, a beat by 10%)	The standalone gross/net debt, as of Jun'24 stood at INR 6.2/5.1bn vs. INR 4.5/2.6bn, as of Mar'24	On OI, expect INR 110bn worth of OI in FY25, given the truncated ordering period owing to elections and weaker-than-expected NHAI ordering.	Valuation upside
	HG infra has provided its FY25 revenue guidance at ~INR 60bn (~17% YoY) with an EBITDA margin of ~15% to 16%.	INR 7.2bn is infused till Jun'24 and INR 4.3/ 1.7/1.3bn is to be invested in 9MFY25/ FY26/ FY27	Stable OB at 3x FY24 revenue, likely pick-up in project execution, healthy balance sheet,	

Positive | Medium | Negative

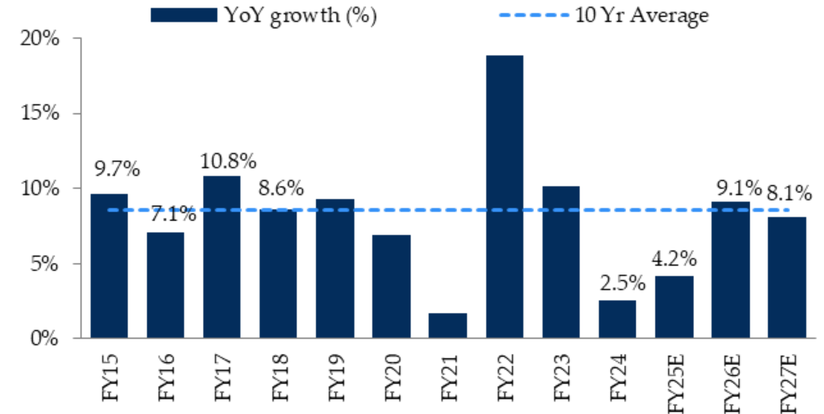
Information technology

Revenue growth awaiting recovery ; outlook improving for margins

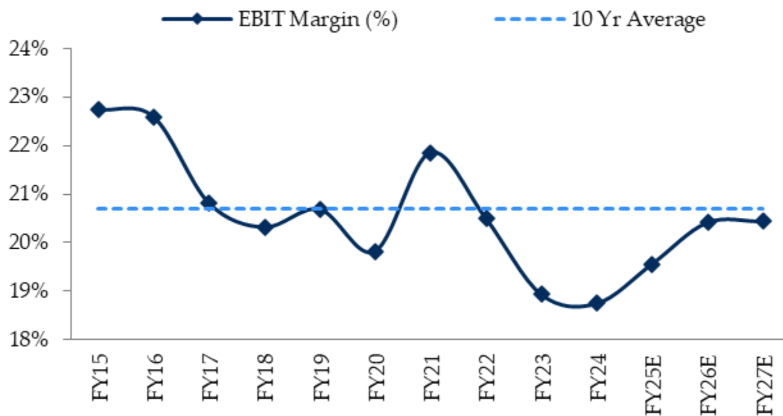
USD Revenue: Growth moderation due to lower discretionary spend



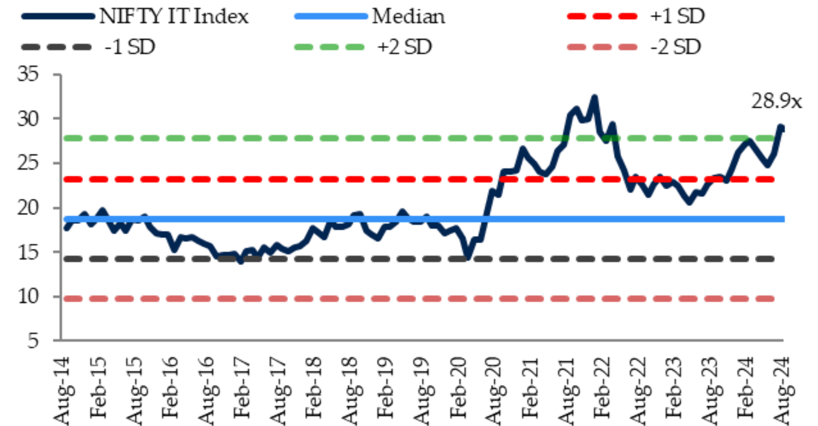
USD Revenue: Muted growth in FY25E while FY26E expected to recover at long term average



Margin Trend: Normalisation expected in FY25/FY26E



Sector P/E: Nifty IT index trading above +1SD



Information technology

Q1FY25	USD Revenue Trend Q1FY25 (QoQ/ YoY)	EBIT Trend Q1FY25 (QoQ/ YoY)	Strategic/others	Valuation
TCS	2%/4%	-3%/12%	An uptick in discretionary spending can drive growth in TCS' G&T segment or TCS Interactive, supported by its strong credentials in the front-end.	Higher earnings resilience and return ratios, payout yield at 3.5%, FCF yield at 4%, and multiples relative to NIFTY IT (vs. premium historically) support valuations.
	Performance supported by growth across most verticals and BSNL deal ramp-up.	Margins impacted by wage hike & higher software exp, offset by lower sub con & improved productivity.		
Infosys	3%/2%	9%/5%	Increased its FY25 revenue guidance from 1-3% CC earlier to 3-4% CC.	The magnitude of outperformance increases the certainty of guidance top-end and perhaps even upside risk to growth estimates, which may keep the valuation multiples elevated.
	Growth was led by volume growth as well as an increase in pricing – a good sign considering the bulk of growth was driven by BFSI/India.	Margin improvement in Q1 was supported by one-time linked to an uptick in India revenue.		
WPRO	-1%/-5%	2%/5%	Q2FY25E guidance at -1% QoQ to +1% QoQ (better than Q1FY25 growth guidance).	Consistent in strong cash generation at ~5% FCF yield, sub-par return metrics and historical volatility in earnings will keep the valuations at a discount.
	Steeper decline in Europe and APMEA markets denting the revenue performance	Margin remained flat and management outlook on margin was in a narrow-band with some upward bias		
HCLT	-2%/5%	-4%/8%	Maintained revenue growth guidance of 3 to 5% for FY25E implies 0.9% to 2.3% CQGR over Q2-Q4FY25.	Current valuations at historical discount of ~20% compared to NIFTY IT.
	Revenue growth impacted by decline in ERS, IT&BS and product & platform segment.	Margin decline was led by ERS segment margin decline, even as IT & BS and Software segment margins were flat sequentially.		
TECHM	1%/-3%	16%/24%	The medium-term goals are promising, but the success in margin expansion may have a higher-than-anticipated trade-off with growth.	Trading at expensive valuation of 22x FY26E (5/10Y average at 18/16x).
	Growth in the Enterprise segment, offset the decline in the Communications vertical.	Margins supported by lower sub-contracting expense, offset by visa cost and CME seasonality		
LTIM	3%/4%	5%/'-6%	LTIM's BFSI portfolio is not as granular as its larger peers, and the release of pent-up demand is thereby more supportive of growth visibility.	Cash generation improved in FY24 and continued into Q1, supported by lower DSO.
	Growth supported by strong growth of 8% QoQ in Technology, Media & Communications and recovery in BFSI revenue.	Flat margins despite a sequential uptick in sub-con expense.		
Mphasis	0%/3%	1%/3%	Management reiterated its FY25E revenue outlook of 'better than industry growth'; margins may have an upward bias.	Risk-reward is unfavourable with valuations at 28x FY26E.
	Revenue was impacted by volatility in projects in the Healthcare sub-vertical	Margins supported by higher utilisation.		

Positive   Medium   Negative

Information technology

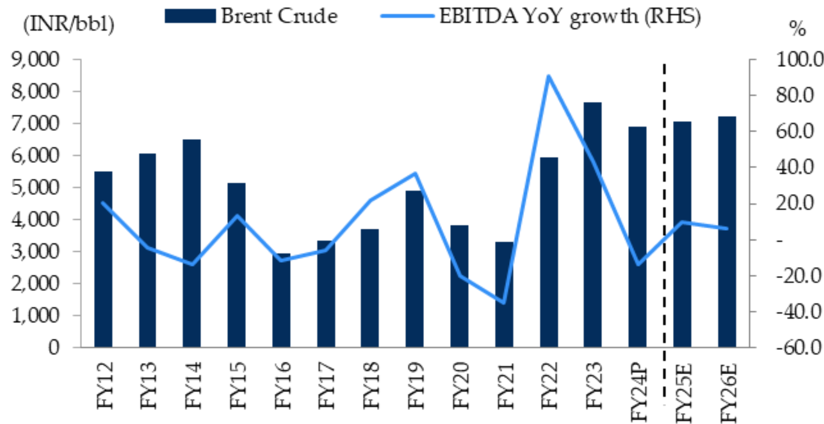
Q1FY25	USD Revenue Trend	EBIT Trend	Strategic/others	Valuation
	Q1FY25 (QoQ/ YoY)	Q1FY25 (QoQ/ YoY)		
LTTS	-3%/5%	-10%/-3%	Company maintained its revenue outlook of 8-10% for FY25E.	Risk-reward is unfavourable for LTTS at current valuations of >30x FY26E which is in line with its 5Y average
	Revenue impacted by the seasonality of its SWC business.	Margins impacted by revenue decline and investments in tech solutions and leadership.		
Tata Elxsi	2%/7%	-4%/-2%	The rate of recovery in the non-Transportation segment will determine the trajectory in valuation multiples, following its de-rating over the past two years.	TELX is trading at 42x FY26E and the valuation is at a 10% discount to KPIT (Not Rated) and a ~5% discount to Tata Tech (Not Rated) and nearly in line with its 5Y average.
	Strong growth in the Transportation vertical offset weakness in the Healthcare & Lifesciences vertical	Margins impacted by higher other expenses related to non-recurring contribution to progressive electoral trust.		
Persistent	6%/16%	3%/11%	The acceleration in ACV provides revenue visibility and suggests that FY25E growth will outpace FY24.	Current valuations, however, have limited room for error even as PSYS has charted out an impeccable track record over the last four years.
	Revenue supported by a strong uptick in the Healthcare & Lifescience and BFSI vertical.	Margins impacted by several factors including sub-con and onsite/project specific cost, visa cost, reversal of earn-out as well as efficiency benefits.		

Positive Medium Negative

Oil & Gas

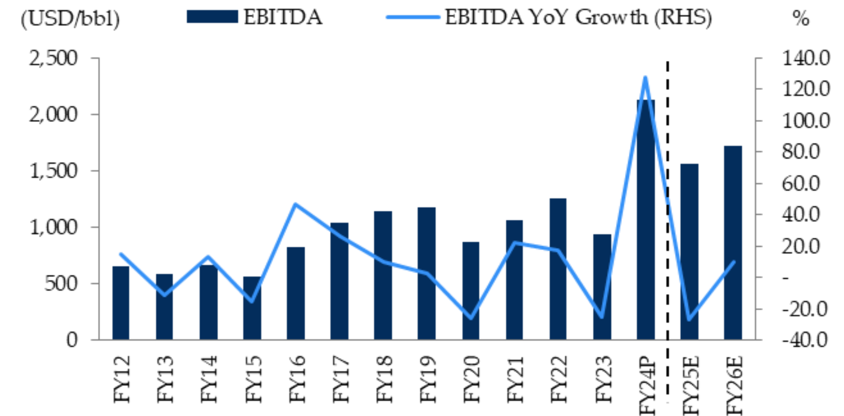
Crude oil prices remains the key monitorable for OMCs; CGD volume growth levers in place

Upstream^ EBITDA Growth: Windfall tax and freezing of APM gas prices limit earnings growth



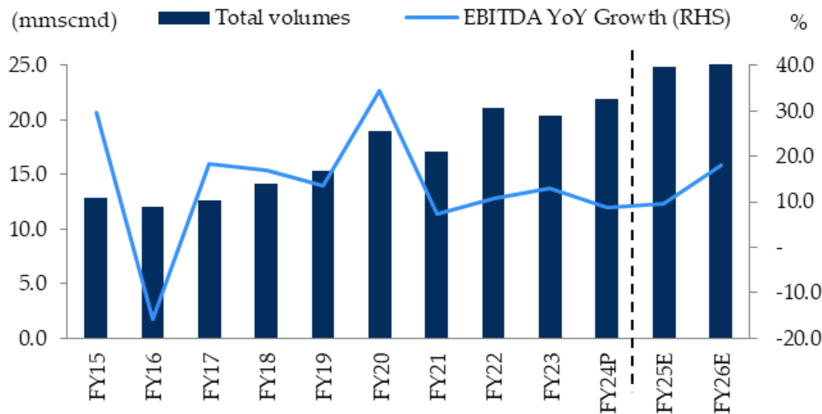
^Note: Upstream includes standalone ONGC and Oil India

Downstream* EBITDA Growth: Refining margins likely to moderate; crude oil prices remains the key monitorable



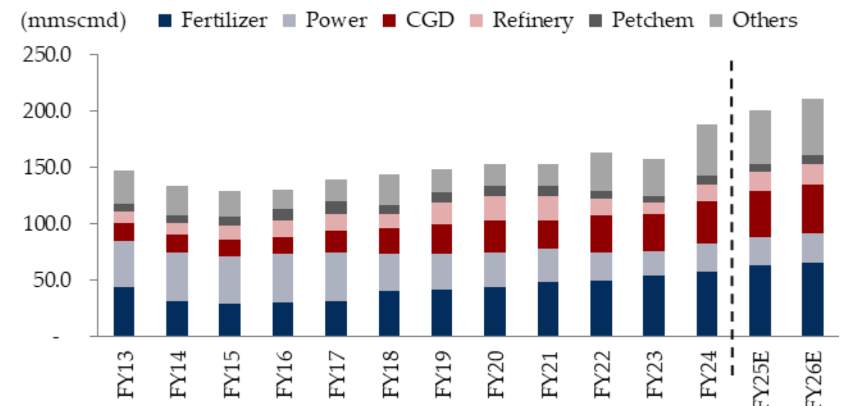
*Note: Downstream includes standalone RIL, IOCL, BPCL and HPCL

CGD# EBITDA growth: Fundamentals in place



#Note: CGD includes Gujarat Gas, IGL, MGL and IRM

Gas sector consumption: Growth across sectors to continue



Oil & Gas

Q1FY25	Revenue Trend Q1FY25/ 5-Yr CAGR (YoY)	EBITDA Trend Q1FY25/ 5-Yr CAGR (YoY)	Strategic/Others	Valuation
RIL	18%/11% O2C segment profitability in Q1 was impacted by a decline in transportation fuel product cracks and weak downstream chemical margins. Higger production sustained strong revenue generation YoY from O&G segment; while ARPU remained flat QoQ, strong net additions for JIO and growth in Retail segment supported earnings.	2%/12% RIL's EBITDA grew +2% YoY owing to better performance from the consumer businesses and O&G segment, partially offsetting the impact of weak O2C segment profitability; higher gas production and healthy realisations supported profitability in the O&G segment; improvement in subscriber additions for JIO and steady ARPU and healthy EBITDA margins for the Retail segment also supported operating profitability.	Value unlocking in the Digital platform and Retail segment; focus on new energy businesses	Marginal re-rating potential
IOCL	-2%/8% Weaker marketing margins, decline in refining margins as crack spreads narrowed and absorption of LPG under-recovery impacted earnings; weak petchem profitability and elevated debt level remains an overhang	-61%/2% EBITDA declined YoY owing to a decline in refining & marketing margins, LPG under-recovery and weak petchem segment margins.	Domestic demand remains robust; refining segment could see some moderation due to global refining capacity commissioning/ramping up in the near term; recovery in petchem demand and crude oil price movement remains a key monitorable	Valuation downside
BPCL	0%/8% Weaker marketing margins, decline in refining margins as crack spreads narrowed and absorption of LPG under-recovery impacted earnings	-64%/3% EBITDA declined YoY mainly owing to decline in refining margins; marketing segment aids profitability	Domestic demand remains robust; refining segment could see some moderation due to global refining capacity commissioning/ramping up in the near term; crude oil price movement remains a key monitorble	Valuation downside
GAIL	5%/13% Highest-ever transmission volumes, strong gas marketing performance and improvement in petchem production improved earnings	86%/22% Reported strong quarter with EBITDA supported by highest-ever transmission volumes, robust gas trading margins, recovery in petchem earnings and better performance from the LPG+LHC segments.	Gas volume ramp up by fertilizer plants and LNG prices remain a key monitorable	Valuation upside
HPCL	2%/10% Weaker marketing margins, decline in refining margins as crack spreads narrowed and absorption of LPG under-recovery impacted earnings; high capex and elevated debt level remains an overhang	-78%/-16% Reported EBITDA came in below our estimates impacted by lower GRMs and lower marketing margins	Domestic demand remains robust; refining segment could see some moderation due to global refining capacity commissioning/ramping up in the near term; crude oil price movement remains a key monitorble	Valuation downside

Positive | Medium | Negative

Oil & Gas

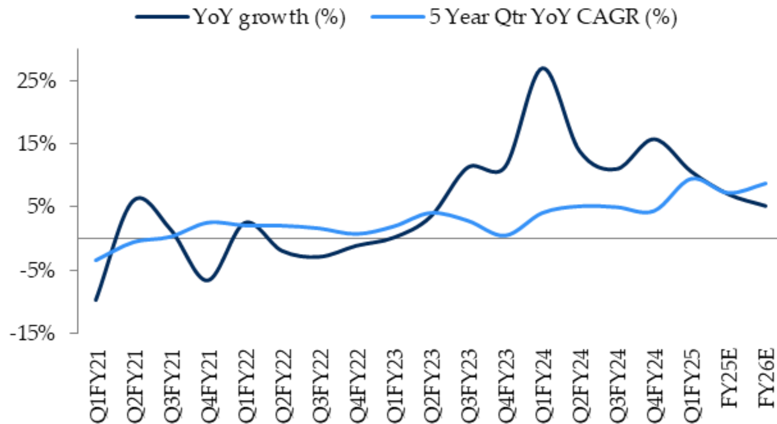
Q1FY25	Revenue Trend	EBITDA Trend	Strategic/Others	Valuation
	Q1FY25/ 5-Yr CAGR (YoY)	Q1FY25/ 5-Yr CAGR (YoY)		
IGL	3%/17%	-9%/12%	Volume growth from new GA's	Valuation upside
	Realisations declined YoY, however it was more than offset by higher volume growth	EBITDA declined by 9% YoY however it came above our estimates, impacted due to lower realisation, higher gas cost and higher opex; healthy volume growth supported earnings		
Gujarat Gas	18%/11%	12%/14%	Volume growth from new GA's	Fairly valued
	Strong volume growth partially offset by lower-than-expected realisation in Q1 supported revenue growth	Fall in EBITDA margin was driven by decline in realisation; volumes growth of +19/+13% YoY/QoQ supported earnings in Q1		
OINL	26%/12%	6%/18%	Production growth outlook is healthy and remains a key monitorable	Valuation upside
	Strong growth in Oil & Gas sales volume partially offset by lower net crude realisation drove revenue growth in Q1	Windfall tax limit earnings growth; oil and gas production improved YoY		
ONGC	4%/6%	-4%/9%	Earnings growth is limited given windfall tax on crude oil prices and fixed APM gas prices; ramp up of oil and gas production remains a key monitorable	Expensive given limited earnings growth over FY24-26E
	Lower realisations and decline in oil & gas production impacted earnings	EBITDA was impacted by lower realisations, lower oil & gas sales volumes and higher Other Expenses.		
MGL	-1%/17%	56%/54%	Acqusition of Unison Enviro's 3 GA's to support volume growth.	Valuation upside
	Reported highest-ever volumes, however it was partially offset by marginal decline in realisation owing to cut in CNG price	EBITDA margin declined due to increase in opex and decline in realisation in Q1; Higher volumes supported profitabitility		
IRM	-2%	30%	Volume growth remains a key monitorable	Valuation upside
	Lower realisation partially offset by volume growth impacted revenue in Q1;	EBITDA margin impacted owing to higher opex and provisioning of license fee payable to the promoters for usage of "IRM" tradename.		

Positive   Medium   Negative

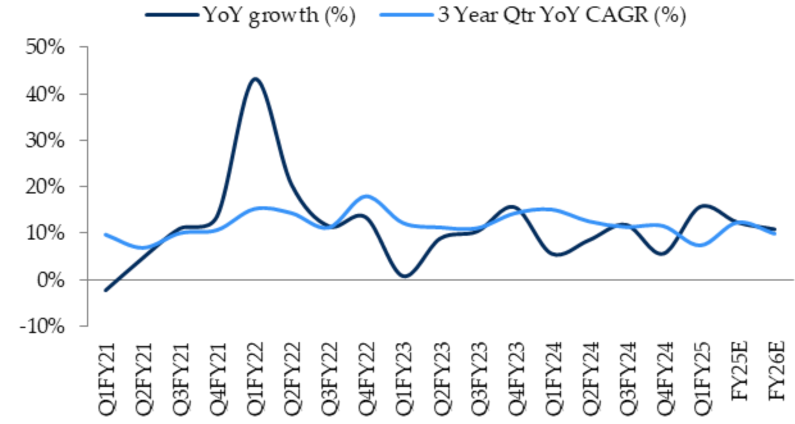
Pharmaceuticals

Steady India business and growing US revenues pulling sector up; margins to improve

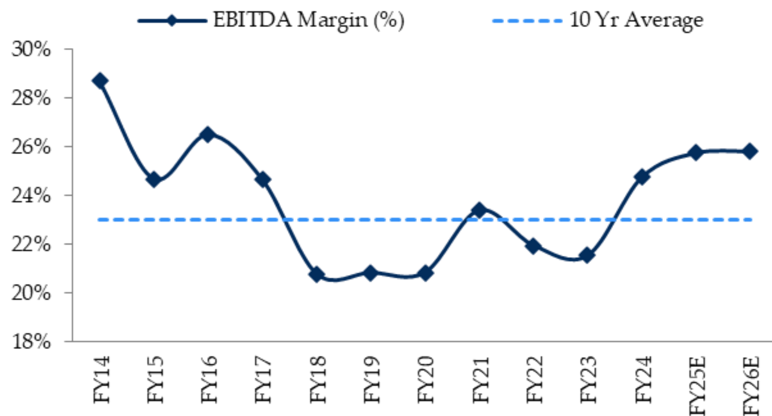
US revenue: New launches, moderation in price erosion driving growth



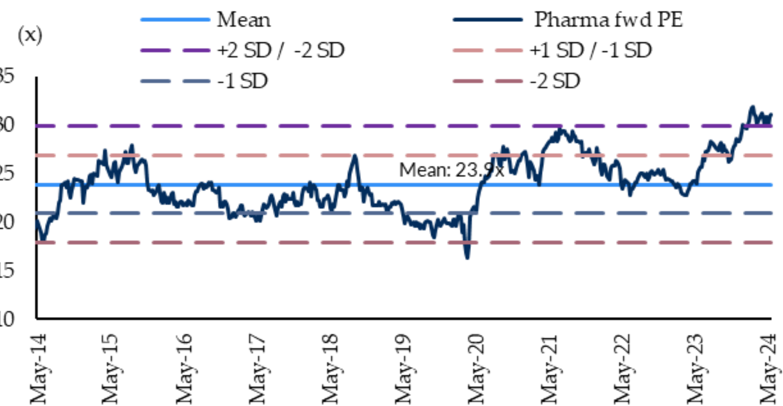
India revenue: Steady growth momentum to continue



Margin Trend: To see gradual improvement in FY25/26E



Sector P/E: Healthcare index trading near +2SD



Pharmaceuticals

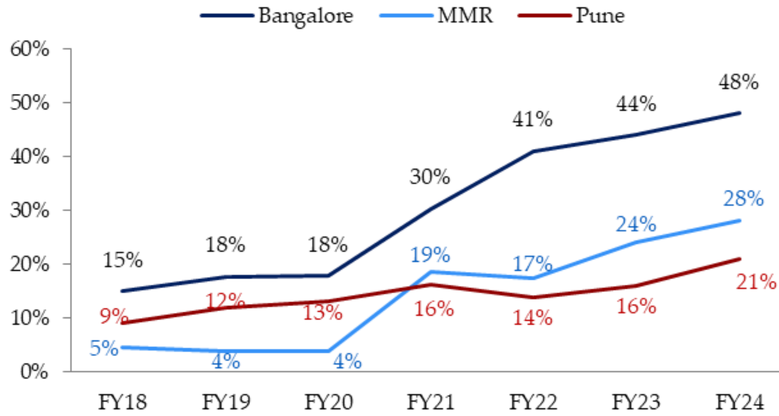
Q1FY25	Revenue Trend	EBITDA Trend	Strategic/others	Valuation
DRRD	Strong sequential performance in the last four quarters was led by gRevlimid; which is expected to continue over next 4-5 quarters; ex-gRevlimid performance to remain under check	Margin declined QoQ due to higher R&D spend and SG&A	gRevlimid opportunity will play out, but we are cautious as for DRRD beyond gRevlimid there is not enough pipeline to sustain growth and margin momentum, which would lead to core earnings (ex-Revlimid) growth concerns	Stock currently trends at ~20.7x FY26E EPS and 27.1x on core FY26E EPS, phasing out of gRevlimid could lead to de-rating
LPC	US growth recovery in last 3-4 quarters was largely led by new launches as well as traction in gSpiriva; India business was muted due to the impact of patent expiry in its key products; US growth momentum to remain steady	Margin improvement in last 3-4 quarters was largely supported by recovery in the US business and cost optimization	US business to see high single-digit growth on traction in gSpiriva and new launches; India business to see double-digit growth and EBITDA margin of 20+% in the next two years	Trading at expensive valuation of 29x FY26E (>10 yr avg valuation of 25x)
SUNP	Steady growth in global specialty and India formulation business; overall growth momentum to continue led by scale-up in specialty business and steady growth in India.	EBITDA is expected to remain steady over next 2-3 years despite 8-10% R&D guidance - focus to absorb higher R&D though improving gross margin on better mix and cost controls	Specialty business is well placed with visible scale-up in its key specialty products Ilumya, Winlevi, Cequa, and Levulan. Moreover, expected launch of Deuruxolitinib (approved in Jul'24). Steady US generic business led by new launches, traction in gRevlimid (episodic), and improving supplies from its Halol plant. India business is expected to see 10-11% CAGR over next 2 years led by new launches, and in-licensing opportunities. Strong cash position provides visibility of M&As (late-stage specialty assets).	Valuation are supported by steady traction in its specialty business, approval for Deuruxolitinib and progress in other key specialty assets to unlock value.
ZYDUSLIF	US reported strong growth in Q4 led by gRevlimid sales, base business volume growth momentum in the US has sustained in the last 4-5 quarters; US sales is expected to remain steady outlook for FY25	Margin expansion led by higher gross margin (strong US led growth) and steady costs); FY25 margin to sustain at 27% range.	US business to sustain growth, led by new launches, traction in gRevlimid, launch visibility of 1-2 meaningful products over per year for the next 3-5 years. Steady growth in India, led by traction in key therapies and innovative portfolio.	Stock currently trends at ~26.9x FY26E EPS, key triggers such as scale-up in US and specialty monetization are reflecting in current price. Hence, limited upside
MANKIND	India growth was steady and export business saw strong growth led by one-off supply in the US; India growth momentum to continue led by new launches and traction in key therapies.	Margin improving on back of better business mix towards chronic segment. Margin will continue to see up trend.	Leading domestic focus company with focus to scale-up chronic share (36% in FY24 vs 28% in FY18), new launches, and expected recovery in core acute therapies to drive growth. Recent acquisition of Bharat Serum to keep near-term earings under pressure.	Stock currently trends at ~31.8x FY26E EPS, key triggers are chronic, acute recovery and execution in Bharat Serum.
APHS	Overall growth was led by steady growth across hospital, pharmacy and other business. Overall growth to remain steady.	Margins are improving since last 5-6 quarters on back of steady margin in hospital business and reduction in Apollo 24/7 burn.	Steady growth in operating metrics (ARPOB, occupancy) and capacity expansion plan (2,280+ bed addition over FY25-27). Strong growth momentum to continue in offline pharmacy and distribution and healthy growth in online pharmacy with visibility cost measures to support overall margin expansion.	Steady growth/ margin visibility to support re-rating

Legend: Positive (green) · Medium (yellow) · Negative (red)

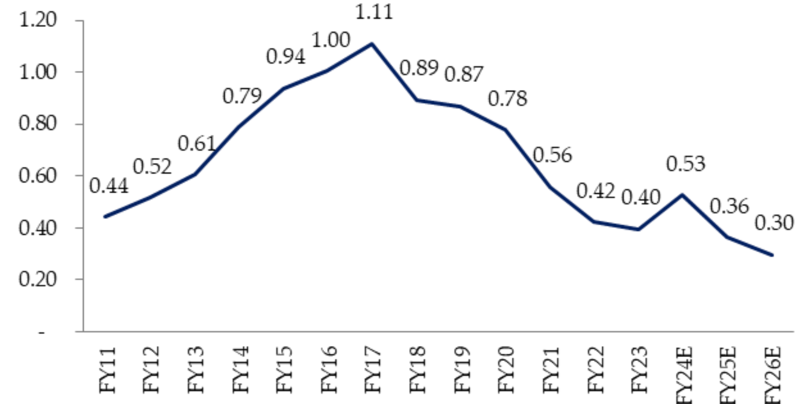
Realty

Presales growth trend normalizing on a higher base

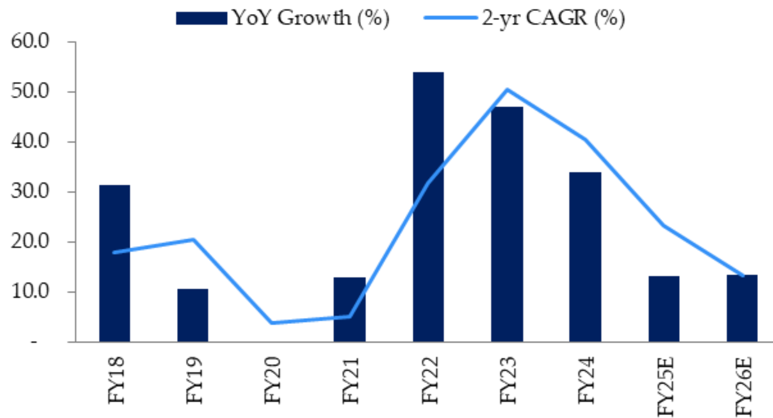
Market share of coverage universe (%)



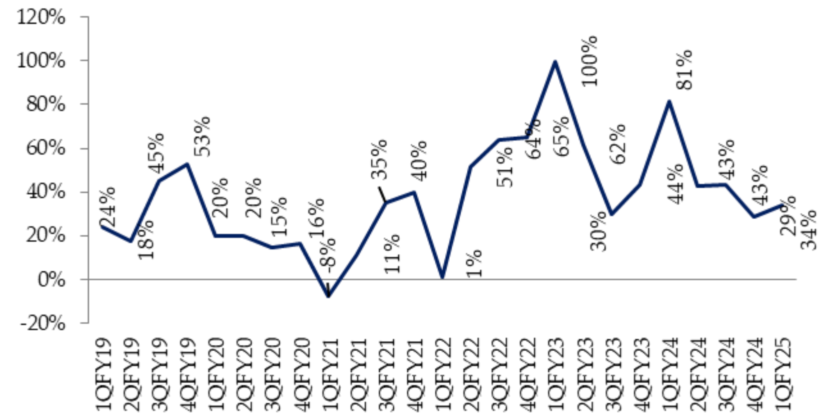
Average net D/E of coverage universe (x)



Annual presales trend (%)



2-yr qtr CAGR of Presales (%)



Realty

Q1FY25	Presales value	Leverage	Strategic/Others	Valuation
DLF	Presales were INR 64.1bn (2.1x/3.3x YoY/QoQ)	Net cash at INR 28.9bn	Robust launch pipeline and increasing office rentals	Valuation upside
	DCCDL portfolio rental in Q1FY25 was INR 15.5bn (+10.0%/0% YoY/QoQ)	Collection stood at INR 29.6bn (+88.3%/+34.6% YoY/QoQ)		
Macrotech Developers	Presales of INR 40.3bn (+20.3/-4.7% YoY/QoQ)	Debt increased to INR 43.2bn from INR 30bn at Mar'24 end	Asset-light land bank addition, non-core land bank monetisation and new product introduction	Fairly valued
	Added GDV worth INR 30bn in Q1FY25 vs INR 270bn guidance	Collections were INR 30.1bn (+54.1%/-35.8% YoY/QoQ)		
Godrej	Highest ever quarterly presales at INR 86.3bn (+283/-9.3% YoY/QoQ),	Net debt increased to INR 74.3bn (INR 61bn in Mar'24) with net D/E at 0.71x	The profitability and margin is expected to improve plus higher proportion of outright BD at better realisation	Fairly valued
	APR was INR 9,607psf (-4.1%/-17.5%, YoY/QoQ)	Collections were at INR 30.1bn (+54.1/-35.8% YoY/QoQ)		
Oberoi	Presales at INR 10.6bn (+124%/-40% YoY/QoQ)	consolidated gross/net debt at INR 21.4/8.5bn vs. INR 21.7/12.4bn as of March'24	Robust cash flows from RTM inventory in the 360W and Mulund projects. Besides new BD outside MMR to support re-rating	Valuation upside
	Pokhran launch is finally expected in Q3FY25 along with multiple phased launches in H2FY25	Net debt was lower on the back of a robust operating cash flow of INR 6.6bn, resulting in a cash balance of INR 13.8bn (INR 12.6bn in Q4FY24).		
Prestige	Presales of INR 30.2bn (-22.6%/-35.6% YoY/QoQ)	Net debt increased to INR 81.8bn (+INR 4bn QoQ), from INR 77.8bn in Mar-24	PEPL is gearing up for its major launches in H2FY25 with forest hill project in Mumbai and three projects in its home turf, Bengaluru, along with two projects in NCR	Valuation upside
	Realisation stood at INR 10,593psf (+3.6%/-7.5%) YoY/QoQ	EBITDA margin was 42.8% (+1,143/+451bps YoY/QoQ, vs. our estimate of 29.6%)		
Phoenix Mills	Consumption in Q1FY25 stood at Rs 32.1bn, up 25% over Q1FY24 and 7% on a like-to-like basis	Consolidated gross/net debt stood at INR 43.9/21.5bn vs INR 43.6/21.6bn as of Mar'24	Strong BD pipeline.The mall densification in Chennai and Bengaluru is projected to be completed in FY25, adding 1msf in the leasable area for both the malls in Phase 1	Valuation upside
	Decline in Revenue/EBITDA/APAT at INR 9/5.3/2.3bn, a miss by 10/13/24%. Muted ARR growth in hospitality and lower footfalls in retail malls due to extended heatwave and elections.	Generated INR 21.6/5.1bn of CFO during FY24/Q1FY25, sufficient to meet capex		

Positive | Medium | Negative

Realty

Q1FY25	Presales value	Leverage	Strategic/Others	Valuation
Sobha	Presales at INR 18.7bn (+28%/+24% YoY/QoQ) APR was highest at INR 15,941/sf (+52%/+42%, YoY/QoQ)	Net debt decreased to INR 11.9bn (INR 12.6bn in Q4FY24) Plans to launch ~12msf with an est GDV of INR 150bn in FY25, with this the total inventory pipeline (including 9.4msf unsold stock) would reach 28.2msf	Its established presence in the high-value Gurgaon market, which has contributed 13% of sales volume and 18% of sales value over the past three years, provides additional opportunities for growth and improved margins	Valuation upside
Mlife	Presales of INR 10.1bn (+195%/-6.2% YoY/QoQ). Volume stood at 1.17msf (178.5%/37.6% YoY/QoQ). The Average price realisation was INR 8,709 (6%/-31% YoY/QoQ)	Residential net debt stood at INR 3.8bn (vs INR 5.5bn in Q4FY24) IC&IC net debt is at INR 0.19bn (vs INR 0.8bn in Q4FY24)	The launch momentum for FY25 will largely come from the new phase launches of existing projects and recent land acquisitions. MLDL plans to achieve INR 80-100bn (5x, 5yrs) in annual presales by FY28	Valuation upside
Kolte-Patil	Presales was muted at INR 7.1bn (1.4%/-4.3% YoY/QoQ) Average realisation of INR 7,407 per sq. ft. (-1.8%/+2.5% YoY/QoQ	Net cash stood at INR 370mn (INR 250mn net cash in Q4FY24) Net OCF stood at INR 2.4bn	FY25 it is set to add INR 80bn worth of projects with c.9msf.With strong cash flows, KPDL is a net cash-positive company and liquidity is comfortable	Valuation upside

Positive   Medium   Negative

Disclosure:

We, **Varun Lohchab, PGDM & Amit Kumar, CFA** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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