

India I Equities

10 April 2024

Preview

Q4 FY24 PREVIEW

Stable quarter with margin accretion likely to continue

Modest volume growth. The mass-discretionary divide in consumption would have resulted in mixed volume growth, with staples likely to post modest growth whereas PVs, 2Ws and alcoholic beverages would report healthy growth and premiumisation. Credit growth is likely to have been strong, which would have aided financials' NII growth. However, with US clients holding back on spends on anticipated rate cuts, IT is likely to have seen sluggish volume growth

Low-cost inventory benefits to aid margin expansion. While commodity prices are inching up sequentially, low-cost inventory and better realisations would have benefited auto and consumer companies. However, cement would have seen lower realisations amid demand pressure. Most financial companies are likely to report continued NIM pressure. We expect margin expansion for most sectors, especially domestically-oriented agrochemicals, 2Ws, capital goods, luggage, retail, FMCG and infra

India on a strong footing. India's macro fundamentals are strong, with GDP growth above 8% in the previous three quarters and likely to exceed the CSO's 7.6% estimate for the year. With inflation being stable, we expect nominal GDP growth of ~11-12% for the year. This would result in the Nifty50 delivering ~18%/16% earnings growth in FY24/FY25, respectively. We reckon domestic-oriented sectors would have outshone export-oriented ones in Q4 FY24

Anand Rathi Share and Stockbrokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities research firm and the views expressed herein are solely of ARSSBL and not of the companies which have been covered in the Report. This report is intended for the sole use of the Recipient. Disclosures are present in the Appendix.

Sensex: 74994

Nifty: 22735

Sectors covered

Agrochemicals	FMCG	Internet
Automobiles	Infrastructure	Luggage
Building materials	Oil & Gas	Cement
Chemicals	Technology	Banks
Consumer durables, FMEG	Hotels	NBFCs
Consumer retail	Multiplexes	NBFC-MFIs
Capital goods	Pipes	Wind Energy

India Research Team

Demand to pick up. Discretionary demand seems to have been strong, with healthy growth in PVs, premium alcohol and high-end retail brands. Further, rural demand is seeing green shoots with a healthy pick-up in 2W sales and strong growth in personal credit offtake. However, staples is still sluggish, as also IT (mirroring the last two quarters). In infrastructure, public capex is still strong, benefiting companies in roads, the Railways and renewables. Orderbook-oriented sectors would have continued their steady pace with healthy execution in Q4. However, cement demand seems to have moderated in Q4 due to the elections and labour unavailability.

Margin expansion likely to have continued, excl. BFSI. While certain agri-commodity prices have inched up lately, along with crude/palm oil prices, we expect low-cost inventory to have led to margin expansion for most consumer-oriented sectors like FMCG, paints and agro-chemicals. Better realisations in auto and alcoholic beverages could have aided margin expansion. Having said that, we expect higher A&P spends, especially in FMCG and paints (due to keener competition) to have restricted operating-margin expansion to a large extent. In BFSI, where credit growth is still strong, pressure on NIMs would continue due to higher cost of credit and lower deposit growth. OMCs are expected to report, yet again, a robust quarter benefiting from higher marketing margins.

Positive view on Indian equities. Macro fundamentals are strong with robust economic growth, receding inflation, strong FII flows and healthy corporate balance sheets. The fine print, however, revealing a disparity between overall low consumption growth and spending on discretionary/luxury consumption is perplexing. With the elections and a likely normal monsoon, we expect an uptick in rural income ahead to aid bottom-of-the-pyramid consumption demand. Besides, government capex further stimulating a revival in private investments, could bolster earnings of companies. Index returns have been phenomenal over the past year with mid- and small-cap indices outperforming large-caps, driven by strong earnings momentum and valuation catch-up. Despite the recent volatility, we continue to believe that small-caps would outperform large-caps over 12 months, aided by robust fundamentals.

Our top picks are ABFRL, Arvind Fashions, Bajaj Finance, Birla Corp, Chalet Hotels, Chola Finance, Cummins, Cyient, Dalmia Bharat, Dhanuka Agritech, Emami, EMIL, Escorts Kubota, Gabriel India, GCPL, Go Fashion, HG Infra, HUL, ICICI Bank, IndusInd Bank, ITD Cementation, Lemon Tree, Mastek, Neogen Chemicals, Oil India, Park Hotels, Polycab, PNC, PSYS, Rategain, Sagar Cements, Sansera Engineering, SBI, Spandana, Sumitomo Chemicals, Suzlon, United Breweries, VIP Industries and Zydus Wellness.

SECTOR PERFORMANCE

Sector	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e			
	Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT	
	(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y
Agrochemicals	35,606	-0.3	13.8	13.8	10.0	15.6	4500	10.0	(5.4)	1,46,537	8.5	20,590	23.8	1,65,118	12.7	22,412	8.8	1,88,914	14.4	26,456	18.0
Automobile	5,90,633	8.9	4.7	14.2	13.1	14.4	45,076	24.7	4.7	22,69,128	12.5	1,72,119	22.7	25,52,088	12.5	2,11,136	22.7	28,68,276	12.4	2,50,641	18.7
Building materials: tiles, asbestos	27,737	6.7	16.9	11.5	11.5	10.7	1,960	6.0	32.5	99,855	3.4	6,721	1.2	1,12,129	12.3	8,826	31.3	1,25,874	12.3	10,229	15.9
Capital goods	1,01,622	15.4	4.5	13.9	13.2	15.2	12,070	11.8	-4.6	4,24,693	17.5	51,528	19.7	5,11,360	20.4	62,404	21.1	6,27,246	22.7	76,562	22.7
Chemicals	67,854	(1.8)	7.4	16.9	19.5	15.9	8075	(23.1)	19.6	2,53,687	(10.3)	23,117	-25.3	3,01,858	19.0	31,126	34.6	3,51,553	16.5	39,784	27.8
Consumer durables, FMEG	3,56,578	19.6	23.6	8.9	7.9	9.4	21,460.7	18.3	45.3	11,89,094	16.7	70,266	28.5	14,26,642	20.0	87,878	25.1	17,04,440	19.5	1,06,957	21.7
Consumer retail	92,092	12.1	(12.9)	11.7	9.8	14.2	1,827	1,901.7	(46.7)	3,75,261	8.8	8,357	(37.2)	4,35,498	16.1	18,240	118.3	5,06,955	16.4	27,842	52.6
FMCG	4,44,700	5.3	-2.0	19.3	19.0	20.8	58,874	5.9	-12.2	18,15,650	5.5	2,62,028	14.7	19,90,636	9.6	2,99,800	14.4	21,78,723	9.4	3,37,492	12.6
Infrastructure	3,97,566	16.1	17.8	12.2	11.4	12.2	21,654	33.6	25.6	13,35,052	17.3	67,630	15.9	14,89,633	11.6	82,043	21.3	16,59,992	11.4	96,434	17.5
Oil & Gas	59,24,896	-0.4	0.1	10.1	9.2	8.6	3,39,092	-4.2	8.4	2,30,63,396	3.0	14,86,178	15.0	2,23,57,501	-3.1	12,30,690	-17.2	2,21,35,256	-1.0	12,58,456	2.3
Technology	2,31,331	7.2	1.3	18.1	78.4	18.0	27,408	6.7	1.5	9,00,832	10.0	1,06,986	10.3	9,96,767	10.6	1,28,191	19.8	11,27,162	13.1	1,56,949.5	22.4
Hotels	28,466	24.7	12.6	42.2	44.5	41.3	5,757	53.9	17.2	99,034	22.6	16,984	37.1	1,16,900	22.6	23,122	69.6	1,33,626	13.5	28,303	23.6
Multiplexes	12,380	8.3	-19.9	0.8	0.5	13.1	-1,013	-64.5	-345.9	60,887	62.3	1,032	NA	68,582	12.6	4,370	323.5	79,329	15.7	6,165	41.1
Internet	11,680	34.6	4.0	26.9	25.4	26.7	2,324	28.0	3.2	43,608	38.0	8,708	39.0	54,608	27.3	11,453	34.3	67,278	24.9	15,026	32.6
Luggage	8,728	16.6	-6.6	14.8	16.8	13.6	588	3.9	80.5	38,381	19.7	2,783	4.3	44,938	17.5	4,093	57.3	53,925	20.0	5,670	40.1
Pipes	2,278	29.2	10.0	19.0	12.2	18.8	259	92.6	11.2	8,715	57.6	847	89.0	11,110	27.5	1,199	41.5	12,568	13.1	1,494	24.6
Wind Energy	36,694	94.5	77.8	12.9	5.0	16.5	3425	NA	65.5	92,177	37	7,123	NA	1,64,747	78.7	21,743	205.2	2,23,848	35.9	26,987	24.1

Sector	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e			
	Revenue			EBITDA / ton (Rs)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT	
	(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y
Cement	2,00,691	4.6	16.4	899	725	994	12,135	-6.7	21.5	724277	11.0	38,776	57.2	8,14,568	12.5	56,842	46.6	9,01,919	10.7	72,699	27.9

Sector	Q4 FY24e									FY24e						FY25e						FY26e					
	NII			PPoP			PAT			NII		PPoP		PAT		NII		PPoP		PAT		NII		PPoP		PAT	
	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y
Banks	15,61,008	9.5	2.7	11,12,436	9.2	8.4	6,96,749	11.7	13.1	60,47,740	12.1	42,34,520	10.7	26,60,860	19.0	70,40,101	16.4	49,99,551	18.1	30,45,240	14.4	80,74,074	14.7	57,93,744	15.9	34,76,734	14.2
NBFC-MFIs	15,325	31.4	5.1	11,653	18.3	5.7	6,485	25.5	6.8	56,923	46.3	42,961	54.5	24,599	100.7	69,991	23.0	53,451	24.4	31,812	29.3	84,719	21.0	64,828	21.3	38,543	21.2
NBFCs	1,77,753	22.3	2.8	1,25,956	23.3	3.9	71,538	21.9	8.8	6,76,766	24.1	4,70,607	25.0	2,51,472	22.5	8,55,079	26.3	5,98,689	27.2	3,20,109	27.3	10,57,264	23.6	7,39,464	23.5	3,98,112	24.4

Our interaction with industry experts and channel partners suggests a likely sluggish demand environment in Q4 FY24, a seasonally weak quarter. Domestic companies are likely to post mid-single digit growth in Q4, with decent margin improvement y/y due to stable raw material prices. In exports, the continued inventory overhang, with higher rebates and discounts and slower offtake, is likely to have dented revenue and margins. Prices have started to stabilise as the magnitude of price decline in generic molecules has reduced.

We continue to prefer domestic companies over exporters and like Dhanuka Agritech and Sumitomo Chemicals in this space.

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
BYRCS	C	BUY	5450	10,336	5.20	8.2	21.5	20.9	13.4	1593	2.1	71.1	53,453	4.0	8,038	19.0	58,798	10.0	8,375	4.2	64,678	10.0	9,334	11.4	30.4	29.2	26.2
DAGRI	S	BUY	1152	4,025	8.4	0.2	22.3	21.0	15.4	670	2.7	0.5	17,927	2.5	2,471	5.8	20,220	10.0	2,857	15.6	22,743	10.0	3,252	13.8	21.2	18.4	16.1
SUMICHEM	C	BUY	380	7,012	7.6	29.8	12.4	12.4	12.2	798	10.6	45.2	28,694	-18.3	3,402	-32.3	34,251	19.4	5,228	53.7	39,233	14.5	6,183	18.3	55.8	36.3	30.7
UPLL	C	BUY	558	1,11,947	-32.4	13.2	4.3	18.2	4.2	-6367	-178.0	13.2	4,02,147	-24.9	-17,561	-147.3	4,41,982	9.9	18,032	-202.7	4,96,727	12.4	30,594	69.7	16.8	20.6	12.1

Robust performances likely to have persisted through Q4 FY24. We expect healthy, 9% y/y, revenue growth in Q4 FY24 for the companies we cover, aided by production growth in 2Ws (~26%), PVs (8%) and better realisations (price hikes, premiumisation), partially negated by declines in CVs (~-7%) and tractors (-18%). Revenue is expected to have improved 4% q/q led by production growth in PVs (~16%), tractors (~12%) and CVs (~9%), while 2Ws are likely to have been flat. Companies with higher 2W exposure like Uno Minda (up 29% y/y), Sansera (21%), TVS (20%), Gabriel (standalone, 13%) and Endurance (12%) are likely to have seen better growth in Q4. Craftsman (26%) would also have seen higher growth, boosted by the acquisition. Ramkrishna is expected to post 20% growth led by market-share gains. We expect Gabriel to report over Rs1.2bn Sunroof revenue (part of consolidated figures) in Q4.

EBITDA is likely to be strong at 18% y/y, driven by better nett pricing and positive operating leverage. Operating margins are likely to be slightly lower q/q on an increase in freight costs due to the Red Sea crisis. PAT is likely to have grown a robust 25% y/y, supported by greater operating profit and a lower tax rate.

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
TVS Motor	S	Buy	2,069	79,414	20.2	-3.7	10.8	10.3	11.2	4,938	20.3	-16.8	3,13,837	19.0	20,441	37.1	3,66,322	16.7	26,028	27.3	4,29,179	17.2	33,692	29.4	48.1	37.8	29.2
Ashok Leyland	S	Hold	176	1,14,324	-1.3	23.8	13.3	11.0	12.1	9,205	32.5	58.5	3,80,774	5.3	25,319	95.4	4,18,975	10.0	32,630	28.9	4,62,350	10.4	37,116	13.7	20.4	15.9	13.9
Escorts Kubota	S	Buy	2,996	20,221	-7.4	-12.9	12.3	10.8	13.5	2,243	6.9	-19.1	1,07,813	29.2	11,631	65.2	1,22,048	13.2	13,100	12.6	1,41,592	16.0	15,681	19.7	28.8	25.6	21.4
Exide Industries	S	Sell	322	40,326	13.8	5.0	11.9	10.4	11.5	2,733	31.5	13.7	1,60,932	10.3	10,496	16.1	1,74,728	8.6	12,310	17.3	1,90,338	8.9	14,139	14.9	26.1	22.2	19.3
Amara Raja	S	Sell	809	27,082	11.5	-6.0	13.5	13.9	14.2	1,988	7.1	-17.1	1,11,902	7.7	8,557	15.3	1,22,643	9.6	9,850	15.1	1,34,461	9.6	10,985	11.5	16.2	14.0	12.6
Ceat	C	Buy	2,668	30,817	7.2	4.0	13.9	12.8	14.1	1,864	39.4	2.7	1,20,299	6.3	7,081	280.3	1,32,469	10.1	7,861	11.0	1,45,214	9.6	9,068	15.4	15.2	13.7	11.9
MRF	S	Hold	1,35,497	62,897	9.9	4.0	17.0	14.7	17.2	5,273	59.6	3.8	2,47,761	9.7	22,082	200.1	2,69,366	8.7	23,261	5.3	2,92,873	8.7	26,255	12.9	26.0	24.7	21.9
Apollo Tyres	C	Buy	468	64,055	2.5	-2.9	16.7	16.0	18.3	4,155	7.2	-18.8	2,55,046	3.8	18,408	79.9	2,78,950	9.4	22,193	20.6	3,00,798	7.8	25,341	14.2	16.2	13.4	11.7
Balkrishna	S	Buy	2,409	24,777	6.9	8.7	23.1	21.3	25.7	3,012	17.9	-2.6	90,534	-10.1	12,834	10.0	1,13,884	25.8	18,728	45.9	1,29,102	13.4	22,290	19.0	36.3	24.9	20.9
SKF India	S	Hold	4,488	11,275	3.0	3.2	15.8	15.3	15.8	1,366	11.2	3.3	45,012	4.6	5,189	-1.1	50,060	11.2	6,608	27.3	54,997	9.9	7,399	12.0	42.8	33.6	30.0
Ramkrishna	S	Sell	700	10,024	20.0	11.0	23.1	22.5	23.0	1,009	51.1	22.7	35,939	19.8	3,472	47.4	39,527	10.0	4,533	30.5	45,338	14.7	5,433	19.9	36.4	27.9	23.3
MM Forgings	S	Buy	876	4,173	12.2	8.0	19.6	17.6	19.4	426	40.4	12.3	15,447	9.6	1,443	14.9	16,826	8.9	1,658	14.9	18,973	12.8	1,937	16.9	14.7	12.8	10.9
Uno Minda	C	Buy	739	37,147	28.6	5.4	11.1	11.1	10.8	2,275	24.6	17.6	1,37,745	22.6	7,893	20.8	1,61,333	17.1	9,878	25.1	1,90,505	18.1	12,479	26.3	53.6	42.9	33.9
Endurance	C	Buy	1,896	24,919	11.5	-2.7	11.5	12.8	11.7	1,355	-0.7	-11.0	1,00,770	14.5	6,128	25.1	1,18,908	18.0	8,250	34.6	1,40,132	17.8	10,611	28.6	43.5	32.3	25.1
Craftsman	C	Hold	4,381	12,318	25.6	9.0	19.8	19.2	19.5	986	26.9	34.8	45,304	42.3	3,129	26.0	51,636	14.0	3,959	26.5	59,804	15.8	5,304	34.0	29.6	23.4	17.4
Sansera	C	Buy	1,024	7,483	21.0	5.0	17.1	19.0	16.9	551	15.9	13.9	27,658	17.9	1,937	32.5	33,299	20.4	2,752	42.1	39,086	17.4	3,575	29.9	28.2	19.8	15.2
ZFCV India	S	Hold	14,750	11,041	13.0	24.5	15.4	14.7	14.8	1,255	24.0	26.0	39,518	14.7	4,333	36.4	44,600	12.9	5,449	25.8	52,900	18.6	6,890	26.5	64.6	51.3	40.6
Gabriel India	S	Buy	361	8,342	13.2	2.5	8.5	7.0	8.6	443	31.3	3.2	32,836	10.5	1,746	31.9	36,515	11.2	2,087	19.5	40,635	11.3	2,446	17.2	29.7	24.9	21.2

For the banks we cover, NII would have grown ~9.5% y/y in Q4 FY24, PPoP ~9.2%. Margins are expected to be soft due to the growth in corporate advances and higher deposits. We expect asset quality to have been stable, resulting in favourable credit costs. Our top picks are ICICI Bank, IndusInd Bank and SBI

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e						FY25e						FY26e						P/B (x)		
				NII			PPoP			PAT			NII		PPoP		PAT		NII		PPoP		PAT		NII		PPoP		PAT				
				(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
Axis Bank	S	Buy	1122	1,31,383	14.7	4.8	95,085	2.5	4.0	61,205	4.6	0.8	4,99,437	16.3	3,65,959	14.2	2,38,522	8.1	4,45,677	-10.8	4,45,677	21.8	2,80,769	17.7	6,76,697	51.8	5,27,422	18.3	3,32,972	18.6	2.3	2.0	1.7
HDFC Bank	S	Hold	1664	2,96,754	27.1	4.2	2,81,573	51.2	19.1	1,96,061	62.7	19.7	11,36,310	7.4	9,47,705	2.8	6,29,335	4.3	13,70,690	20.6	11,48,135	21.1	7,35,890	16.9	15,93,189	16.2	13,40,185	16.7	8,59,894	16.9	2.8	2.6	2.3
ICICI Bank	S	Buy	982	1,88,320	6.6	0.8	1,50,483	8.8	2.2	98,579	8.1	-4.0	7,38,219	18.8	5,78,035	17.8	3,98,337	24.9	8,67,772	17.5	6,86,096	18.7	4,62,336	16.1	10,18,544	17.4	8,06,145	17.5	5,36,637	16.1	2.9	2.5	2.2
IDFC First Bank	S	Buy	86	44,209	22.9	3.1	16,490	5.8	5.5	7,989	-0.5	11.6	1,64,027	29.8	62,219	26.2	30,309	24.4	2,10,201	28.2	83,518	34.2	40,113	32.3	2,62,634	24.9	1,10,984	32.9	54,061	34.8	1.8	1.6	1.4
Kotak Mahindra Bank	S	Buy	1826	67,609	10.8	3.2	44,076	-5.2	-3.5	29,599	-15.3	-1.5	2,58,447	19.9	1,85,335	24.8	1,26,082	15.3	2,97,079	14.9	2,13,181	15.0	1,48,196	17.5	3,48,106	17.2	2,50,784	17.6	1,72,457	16.4	3.8	3.4	2.9
Bank of Baroda	S	Buy	223	1,16,421	1.0	4.9	79,151	-2.0	12.8	45,113	-5.5	-1.5	4,43,544	7.3	3,07,518	14.5	1,80,175	27.7	5,05,562	14.0	3,55,960	15.8	1,92,304	6.7	5,76,882	14.1	4,12,461	15.9	2,13,807	11.2	1.0	0.9	0.8
State Bank of India	S	Buy	627	4,04,474	0.1	1.6	2,23,446	-9.2	9.9	1,40,964	-15.6	53.8	15,93,681	10.0	9,25,942	10.6	6,13,747	22.2	17,74,041	11.3	10,38,393	12.1	6,50,788	6.0	19,83,939	11.8	11,73,677	13.0	7,00,914	7.7	1.5	1.3	1.2
Union Bank of India	S	Buy	123	92,735	12.4	1.2	73,605	7.9	1.1	36,366	30.7	1.3	3,65,365	11.5	2,91,657	14.5	1,40,998	67.2	4,26,217	16.7	3,37,577	15.7	1,76,253	25.0	4,94,877	16.1	3,89,025	15.2	2,02,536	14.9	1.0	0.9	0.8
Indusind Bank	S	Buy	1627	54,795	17.3	3.5	41,492	10.6	3.7	23,996	17.6	4.4	2,07,720	18.1	1,58,624	10.6	90,025	21.8	2,50,045	20.4	1,97,310	24.4	1,10,205	22.4	2,50,045	0.0	1,97,310	0.0	1,10,205	0.0	2.0	1.8	1.5
Karnataka Bank	S	Buy	234	8,312	-3.4	0.4	5,211	-24.0	-3.5	3,082	-12.9	-6.9	33,114	4.0	21,891	-0.9	13,402	13.6	39,372	18.9	26,606	21.5	13,561	1.2	46,589	18.3	32,321	21.5	15,485	14.2	0.8	0.7	0.6
DCB Bank	S	Buy	160	4,815	-0.9	1.6	2,190	-10.2	3.5	1,329	-6.5	5.0	18,981	10.5	8,403	6.8	5,053	8.5	22,457	18.3	10,583	26.0	6,887	36.3	26,251	16.9	12,850	21.4	7,413	7.6	1.0	0.9	0.8
Indian Bank	S	Buy	424	58,781	6.7	1.1	42,468	5.8	3.7	21,493	48.5	1.4	2,31,421	14.4	1,64,969	8.0	78,340	48.3	2,70,821	17.0	1,94,924	18.2	88,891	13.5	3,19,207	17.9	2,30,219	18.1	1,06,186	19.5	0.9	0.8	0.7
Yes Bank	S	Sell	24	20,256	-3.8	0.4	8,959	0.8	3.7	2,520	24.5	8.9	80,480	1.6	34,201	7.5	11,089	54.6	92,007	14.3	43,997	28.6	16,528	49.1	1,05,760	14.9	56,041	27.4	23,249	40.7	1.7	1.6	1.5
South Indian Bank	S	Buy	27	8,135	-5.1	-0.7	4,315	-23.2	-10.7	2,812	-15.8	-7.9	32,963	9.4	18,123	20.2	10,637	37.2	37,971	15.2	22,328	23.2	12,947	21.7	43,423	14.4	26,411	18.3	15,475	19.5	0.7	0.6	0.5
Karur Vysya Bank	S	Buy	164	10,477	17.4	4.6	6,882	-6.9	1.8	3,912	15.8	-5.0	38,614	15.3	26,505	7.1	15,399	39.2	45,893	18.8	32,239	21.6	18,069	17.3	53,980	17.6	38,386	19.1	21,639	19.8	1.3	1.2	1.0
Bandhan Bank	S	Buy	233	26,331	6.5	4.3	18,824	4.8	13.7	9,357	15.8	27.7	1,00,925	9.0	67,006	-5.5	31,034	41.4	1,13,543	12.5	75,744	13.0	36,977	19.2	1,28,734	13.4	86,157	13.7	41,071	11.1	1.7	1.5	1.3
Federal Bank	S	Buy	150	22,062	15.5	3.9	14,503	8.7	0.9	9,856	9.3	-2.1	83,369	15.3	54,945	14.6	38,248	27.0	99,975	19.9	69,279	26.1	43,394	13.5	1,17,634	17.7	82,486	19.1	49,767	14.7	1.5	1.3	1.1
City Union Bank	S	Buy	149	5,139	-0.1	-0.4	3,684	-11.7	1.2	2,517	15.4	-0.5	21,123	-2.3	15,483	-14.8	10,126	8.0	24,194	14.5	18,002	16.3	11,131	9.9	27,582	14.0	20,878	16.0	12,967	16.5	1.3	1.2	1.0

NBFC-MFIs

The strong momentum in MFIs is likely to have continued in Q4 FY24 with regulatory and operational tailwinds. For the NBFC-MFIs we cover, NII expansion is expected to have been good (~31% y/y, ~5% q/q), combined with sound operating performances. Q4 PPoP growth is expected at ~18% y/y. Our top pick is Spandana

NBFCs

For the NBFCs we cover, we expect Q4 growth to have been sturdy with lower margins q/q. Higher credit costs are expected to have led to ~9% y/y PAT growth. Our top picks are Bajaj Finance and Chola Finance

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e						FY25e						FY26e						P/B (x)		
				NII			PPoP			PAT			NII		PPoP		PAT		NII		PPoP		PAT		NII		PPoP		PAT				
				(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
NBFC-MFIs																																	
CreditAccess Grameen	S	Buy	1731	8,442	36.4	5.2	6,471	28.7	7.5	3,824	28.9	8.2	31,288	48.0	23,532	56.2	14,392	74.2	38,116	21.8	29,397	24.9	18,146	26.1	45,296	18.8	35,192	19.7	21,548	18.7	4.2	3.3	2.6
Fusion Microfinance	S	Buy	604	3,613	30.7	6.7	2,810	27.1	8.0	1,317	15.0	4.2	13,112	37.0	10,185	43.0	5,043	30.3	15,926	21.5	12,369	21.4	6,865	36.1	19,139	20.2	14,728	19.1	8,136	18.5	2.1	1.7	1.4
Spandana Sphoorty Financial	C	Buy	1212	3,270	20.9	3.4	2,372	-9.0	-1.3	1,344	27.3	5.5	12,523	52.8	9,244	64.4	5,164	4086.3	15,949	27.4	11,686	26.4	6,802	31.7	20,284	27.2	14,908	27.6	8,859	30.2	2.4	2.0	1.7
NBFCs																																	
Bajaj Finance	C	Buy	7734	91,827	24.0	2.6	63,497	24.0	3.4	39,104	23.8	7.5	3,44,134	25.9	2,38,830	27.6	1,44,588	25.6	4,34,828	26.4	3,02,963	26.9	1,80,692	25.0	5,40,947	24.4	3,77,795	24.7	2,28,687	26.6	6.2	5.1	4.2
Cholamandalam Investment & Finance Company	C	Buy	1231	26,813	36.8	5.6	16,367	28.2	8.0	10,284	20.3	17.9	98,123	37.5	60,252	35.0	34,302	28.2	1,29,174	31.6	81,054	34.5	45,924	33.9	1,66,162	28.6	1,05,005	29.5	57,554	25.3	4.9	4.1	3.4
SBI Cards & Payment Services	S	Sell	768	14,241	22.2	2.7	16,601	16.1	2.4	5,599	-6.1	2.0	51,428	14.1	63,755	22.9	22,796	0.9	66,659	29.6	81,044	27.1	29,756	30.5	85,249	27.9	1,00,990	24.6	36,712	23.4	6.1	4.9	4.0
LnT Finance Holdings	C	Buy	168	19,976	13.1	2.3	13,707	15.6	2.4	6,705	60.8	4.9	78,266	15.6	51,780	10.9	21,011	44.7	91,458	16.9	59,466	14.8	25,242	20.1	1,03,658	13.3	65,272	9.8	28,735	13.8	1.8	1.6	1.5
Mahindra and Mahindra Financial Services	C	Buy	276	19,960	7.0	0.9	12,162	21.0	4.8	7,424	12.1	21.7	85,866	13.3	43,041	7.6	19,041	-8.1	1,04,432	21.6	53,631	24.6	25,535	34.1	1,23,964	18.7	63,690	18.8	29,723	16.4	1.7	1.5	1.3
Poonawalla Fincorp	S	Buy	459	4,935	29.9	0.6	3,622	79.7	3.4	2,422	34.0	-8.6	18,949	55.1	12,949	115.5	9,735	72.7	28,528	50.6	20,531	58.5	12,958	33.1	37,284	30.7	26,712	30.1	16,700	28.9	4.2	3.7	3.2

In this space, we expect Cera Sanitaryware to report firm double-digit revenue growth, with better margins q/q. HIL's performance is likely to have been impacted by the flooring division'(Parador's) weak performance. Kajaria is expected to report high single digit revenue growth in Q4 with better margins

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
Cera Sanitaryware	S	Buy	7,420	5,918	11.6	35.5	14.4	16.0	13.6	680	0.0	33.6	19,090	6.3	2,272	5.8	22,373	17.2	2,586	13.8	25,951	16.0	3,016	16.6	42.5	37.3	32.0
Kajaria Ceramics	C	Hold	1,251	12,972	7.7	12.6	15.8	14.6	15.5	1275	13.5	22.4	46,329	5.7	4,352	23.5	52,471	13.3	5,069	16.5	59,148	12.7	5,848	15.4	45.8	39.3	34.0
HIL	C	Hold	2,914	8,847	2.5	12.8	3.1	4.4	2.1	5	-88.4	L2P	34,437	-1.0	97	-90.0	37,285	8.3	1,171	1101.2	40,775	9.4	1,365	16.6	47.6	18.8	16.1

The ongoing capex cycle has been mainly driven by government spending, with impetus in Power T&D and the Railways. Besides PLI-led capex, private spending is strong in residential and commercial real estate, and data centres. Given the coming elections government-related orders may be flattish till H1 FY25. However, we are seeing green shoots in private capex, with huge multi-year plans announced by large corporates. Q4 FY24 execution is expected to have been higher (robust order-books at the quarter's start). We expect strong growth in renewables (products like transformers required in power evacuation seeing strong demand). Similarly, we expect strong growth in the Railways (beneficial to companies providing propulsion-system solutions). Data-centre orders are usually lumpy and some surprise can be expected here. PLI-led capex would provide the impetus to electrification, automation and digitalisation demand.

Siemens and ABB are likely to report strong growth in electrification. In gensets, given implementation of the CPCB 4+ norm from 1st Jul'24, some early buying of CPCB 2 gensets is likely. However, dealers de-stocking CPCB 2 inventory much before the deadline is a risk. On aggregate, revenue would expand annually and quarterly on better execution given order-book strength. The EBITDA margin is expected to improve y/y but may normalise sequentially.

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
Siemens Ltd.	S	Hold	5,667	52,689	18.0	18.8	12.1	12.4	11.8	5,503	6.6	18.7	2,10,657	17.3	22,243	16.4	2,51,815	19.5	26,889	20.9	3,10,230	23.2	33,089	23.1	75.3	61.2	53.3
ABB India	S	Hold	6,697	28,452	18.0	3.2	14.2	11.8	15.1	3,272	33.4	-5.2	1,27,132	21.7	14,981	20.0	1,54,414	21.5	18,318	22.3	1,92,756	24.8	22,995	25.5	94.9	77.6	61.8
Cummins	S	Buy	2,988	20,480	6.3	-19.2	18.0	16.9	21.2	3,295	3.5	-27.8	86,905	12.2	14,304	25.0	1,05,131	21.0	17,197	20.2	1,24,261	18.2	20,478	19.1	57.6	47.9	40.3

Cement demand and prices in Jan and Feb are likely to have been hit by infra slowdown due to liquidity issues, change in government in some states and labour unavailability due to Holi in Mar. Year-end targets, however, led to a demand upturn in Mar'24 while prices were subdued on more competition and supplies. We expect cement volumes for the companies we cover to have grown $\sim 8.5\%$ y/y, 21.3% q/q; all-India cement prices in Q4 FY24 are likely to have averaged Rs380 a bag (Rs383 a year back, Rs409 the quarter prior). We expect realisations of companies we cover to have averaged at Rs5,275 a tonne (down 3.4% y/y, 4.1% q/q). While fuel prices have started stabilising, the low fuel-cost inventory would have aided operating performances. Petcoke price on average fell 25.5% y/y, 5.3% q/q. The international coal price plummeted 47% y/y (down 7% q/q). For the companies we cover, we expect EBITDA/tonne to have averaged $\sim$ Rs899 (Rs725 a year ago, Rs994 the quarter prior). With competitive prices likely due to huge supplies and demand sluggishness (coming elections), lower costs would lead to better performances.

Our top picks are Dalmia Bharat, Birla Corp and Sagar Cements. Among large caps, we prefer Shree Cement and Ultratech Cement (not rated).

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				EV/EBITDA(x)		
				Revenue			EBITDA / ton (Rs)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e
Ramco	S	Hold	849	24,547	-4.5	16.6	875	878	990	1213	-20.4	29.9	92453.8	14.8	4,533	32.0	1,05,123	13.7	6,362	40.3	1,15,234	9.6	8,332	31.0	16.2	13.0	11.2
JK Cement	S	Buy	4,388	30,120	13.0	8.2	1175	797	1330	2657	90.7	-8.2	107205	17.9	8,963	78.3	1,21,712	13.5	12,046	34.4	1,36,127	11.8	13,908	15.5	20.1	16.3	14.3
Orient	S	Buy	223	9,126	4.2	21.5	827	812	829	677	0.5	50.6	31823.4	8.3	1,722	40.2	34,884	9.6	2,521	46.4	38,308	9.8	2,786	10.5	10.8	8.6	8.0
India	S	Sell	231	14,914	2.1	37.9	284	-160	247	-140	NA	NA	52708.2	-2.0	-1,912	NA	58,677	11.3	507	L2P	65,679	11.9	2,021	298.4	55.0	20.3	14.3
Birla Corp	C	Buy	1,524	26,258	6.6	13.6	930	600	896	1803	170.6	65.2	98409.6	15.7	5,115	1411.2	1,08,304	10.1	7,830	53.1	1,17,530	8.5	10,657	36.1	11.7	9.1	7.1
Heidelberg	S	Hold	208	6,010	-0.2	-1.0	626	583	542	413	18.0	31.1	23902	8.2	1,925	94.1	25,657	7.3	2,596	34.9	27,911	8.8	3,158	21.6	12.4	9.5	7.7
JK Lakshmi	C	Hold	821	19,433	4.4	14.1	908	719	1021	1531	39.1	13.6	70035.6	8.6	4,711	31.4	79,569	13.6	5,787	22.8	88,654	11.4	6,657	15.0	11.1	9.1	8.1
Dalmia Bharat	C	Buy	2,012	41,741	6.7	15.9	972	955	1138	2786	-62.0	6.0	146710	10.8	8,390	-28.8	1,70,261	16.1	13,092	56.0	1,94,565	14.3	18,034	37.7	15.0	11.1	8.9
Star Cement	C	Hold	236	8,890	7.1	36.5	1360	1346	1545	971	1.1	32.1	29056.1	7.6	3,265	31.9	33,678	15.9	3,982	22.0	36,985	9.8	4,233	6.3	17.0	13.7	11.8
Prism Johnson	S	Buy	186	19,651	1.4	19.1	653	468	698	223	388.2	1153.4	71973.4	7.8	2,064	L2P	76,704	6.6	2,118	2.6	80,926	5.5	2,913	37.5	21.0	13.6	11.5

For the past few quarters, the performance of the chemicals sector has been under pressure. Earnings now appear to be bottoming out for most companies but full recovery across segments would take another 1-2 quarters. Pricing pressure, channel de-stocking, weak demand and dumping by China are expected to have hurt Q4 performances y/y, though we expect some sequential recovery on the low base, stable prices and demand picking up at some industries. We expect strong, ~26% q/q, revenue growth in Aarti Industries with rising exports and demand picking up in discretionary segments. We expect Q4 EBITDA margins to average ~16.9%, down ~260bps y/y, but q/q up ~100bps. In agrochemicals, our channel checks suggest an export slowdown (on de-stocking) and low domestic demand on the seasonally soft quarter. We estimate 5% and 25% y/y decline in revenues of Rallis India and Sharda Cropchem respectively while margins would average 13.8% in Q4 FY24 vs 15.6% a year ago and 10% the quarter prior. Further, PI Industries' performance is expected to have been good, with revenue likely to have grown 25% y/y, supported by strong traction in its CSM business.

We are positive on the long-term outlook for Indian specialty chemicals though we are cautious about the short-term outlook considering the slowdown in demand, the on-going channel de-stocking and more supplies from China as these factors would pile pressure on volumes and prices. Mounting exports, a Europe+1 strategy, import substitution and rising CRAMS opportunities would support the sector's growth.

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
Aarti Industries	S	Hold	706	18,259	10.3	5.4	15.5	15.2	15.0	1,370	-6.8	10.5	61,954	-6.4	4,149	-23.9	77,027	24.3	6,563	58.2	90,544	17.5	8,986	36.9	61.7	39.0	28.5
Atul	C	Hold	5918	11,821	-1.1	3.9	13.5	12.5	13.3	867	-7.3	22.2	46,987	-13.4	3,670	-28.6	56,087	19.4	5,418	47.6	65,256	16.3	6,893	27.2	47.6	32.3	25.4
Fine Organic	C	Sell	4350	5,670	-5.0	16.1	25.5	33.9	24.2	1,097	-26.6	16.5	21,333	-29.4	3,853	-37.7	22,461	5.3	3,629	-5.8	22,910	2.0	3,678	1.4	34.6	36.7	36.3
Galaxy Surfactants	C	Hold	2544	9,778	0.3	4.0	13.0	13.8	12.0	809	-10.6	13.3	38,511	-13.4	3,174	-16.7	42,419	10.1	3,655	15.2	47,506	12.0	4,331	18.5	28.4	24.7	20.8
Navin Fluorine	C	Hold	3095	5,820	-16.5	16.0	18.0	28.9	15.1	552	-59.5	52.8	20,607	-0.8	2,637	-29.7	27,728	34.6	3,923	48.8	34,140	23.1	5,377	37.1	58.2	39.1	28.5
Neogen Chemicals	C	Hold	1360	1,824	-10.5	10.9	15.0	16.0	12.3	88	-38.7	727.9	6,977	1.7	381	-23.8	9,144	31.0	681	78.9	12,231	33.8	953	40.0	94.3	52.7	37.6
Nocil Ltd	C	Sell	266	3,551	-9.6	4.2	13.5	12.7	14.3	288	1.9	-3.8	14,784	-8.5	1,270	-14.8	17,632	19.3	1,737	36.7	20,873	18.4	2,270	30.7	34.9	25.5	19.5
Sudarshan Chemicals	S	Hold	666	6,230	-9.9	10.1	12.0	12.3	10.9	267	-18.1	82.7	24,305	5.6	891	99.1	27,302	12.3	1,545	73.4	30,913	13.2	2,131	37.9	51.8	29.9	21.6
Vinati Organic	C	Sell	1489	4,902	-2.6	9.4	26.0	30.3	25.6	871	-24.5	13.1	18,228	-12.1	3,093	-26.2	22,059	21.0	3,974	28.5	27,180	23.2	5,165	30.0	49.5	38.5	29.6
PI Industries	C	Buy	3966	19,553	24.9	3.0	24.5	21.9	29.2	3,816	36.6	-14.7	78,754	21.3	16,834	36.9	89,643	13.8	17,155	1.9	1,03,744	15.7	20,116	17.3	35.8	35.1	30.0
Rallis India	C	Hold	271	4,939	-5.5	-17.4	3.0	-12.5	10.4	-97	NA	P2L	27,073	-8.8	1,615	75.6	30,459	12.5	2,086	29.1	35,125	15.3	2,586	24.0	32.7	25.3	20.4
Sharda Cropchem	C	Hold	373	11,114	-25.0	75.7	13.8	20.7	7.4	781	-60.7	1582.5	40,710	0.6	2,141	-37.4	45,016	10.6	3,171	48.2	50,045	11.2	3,753	18.4	15.7	10.6	9.0

With the government's continuing infrastructure push, the cable and wire segment would have outshone in Q4 FY24. Rising mercury levels and the anticipation of a warmer summer would have driven seasonal products' (RAC, coolers) sales and growth. Fans are likely to have been under pressure, led by stiffer competition, while the lighting segment is still struggling in B2C. We expect demand for these to pick up from Q1 FY25

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
Amber Enterprises	C	NR	3750	32,428	8.0	150.5	7.2	6.8	6.1	1173	12.8	L2P	76,782	10.8	1,970	25.3	92,367	20.3	2,805	42.4	1,07,758	16.7	3,271	16.6	64.1	45.0	38.6
Bajaj Electricals ^(#)	C	Hold	990	13,444	4.1	9.5	5.8	7.3	4.7	469	(11.5)	25.5	55,101	1.5	2,566	18.7	65,137	18.2	3,329	29.7	72,967	12.0	3,684	10.6	44.4	34.2	30.9
Bluestar	C	Hold	1404	30,734	17.1	37.1	7.1	6.8	6.9	1459	168.0	45.3	92,850	16.4	3,782	64.7	1,07,828	16.1	4,804	27.0	1,30,366	20.9	6,598	37.3	76.3	60.1	43.7
Crompton Greaves	C	Hold	287	19,592	9.4	15.7	10.3	11.8	8.8	1,230	(6.3)	43.0	75,565	10.0	4,751	2.6	85,567	13.2	5,898	24.1	93,425	9.2	6,779	14.9	38.4	31.7	31.7
Dixon Technologies	C	NR	7695	51,644	68.5	7.2	3.9	5.1	3.8	1082	34.1	12.2	1,60,057	31.3	3,863	51.2	2,15,655	34.7	5,542	43.4	2,78,424	29.1	7,640	37.9	118.6	82.7	60.0
Finolex cables	C	Hold	1042	13,821	12.9	13.1	12.1	11.9	10.9	1799	2.8	19.1	52,488	17.1	6,811	35.1	61,619	17.4	8,370	22.9	72,518	17.7	9,202	9.9	22.5	18.3	16.6
Havells	C	NR	1387	55,112	13.4	24.9	10.1	10.8	9.8	3874	8.2	34.5	1,93,028	14.1	13,107	22.3	2,28,719	18.5	16,414	25.2	2,74,842	20.2	20,476	24.7	66.7	53.3	42.7
KEI	C	Hold	2717	23,765	21.6	15.3	10.8	10.4	10.5	1758	27.3	16.7	82,471	19.3	5,922	24.1	1,01,243	22.8	7,502	26.7	1,26,834	25.3	9,529	27.0	56.4	44.5	35.1
Orient Electric	S	Hold	234	7,374	12.1	(1.9)	7.8	7.0	6.5	308	24.9	26.4	27,976	10.6	1,061	39.9	32,173	15.0	1,386	30.6	36,034	12.0	1,654	19.3	42.7	32.7	27.4
Polycab	C	Buy	5390	50,557	16.9	16.5	13.7	14.1	13.1	4772	12.4	15.6	1,72,354	22.2	16,503	30.0	2,05,845	19.4	19,340	17.2	2,42,797	18.0	22,929	18.6	40.2	34.3	28.9
Symphony	C	Hold	913	3,265	6.0	32.2	18.4	7.5	17.8	483	201.9	17.8	12,754	7.4	1,477	26.4	14,733	15.5	1,930	30.6	16,867	14.5	2,279	18.1	44.6	33.8	28.6
TTK Prestige	C	Hold	756	6,232	2.0	(15.6)	13.6	13.1	11.5	639	10.1	3.8	27,316	-1.6	2,367	(6.9)	30,157	10.4	2,951	24.7	35,541	17.9	3,586	21.5	46.1	37.0	30.5
Vguard	C	Sell	294	12,902	13.2	10.7	9.1	8.7	8.7	714	35.3	22.6	49,252	19.4	2,437	28.9	55,697	13.1	3,036	24.6	62,995	13.1	3,372	11.1	61.2	49.1	44.2
Voltas	C	NR	990	35,708	20.8	36.0	6.8	7.4	1.1	1703	18.3	L2P	1,11,098	17.0	3,647	29.6	1,29,902	16.9	4,571	25.3	1,53,073	17.8	5,961	30.4	93.5	74.6	57.2

Retail continued to be affected by subdued demand despite inflation softening. Thanks to EoSS, a few retailers saw demand improve slightly in Jan and Feb'24, while others saw a bit of recovery in Mar due to Holi and Eid. We expect Q4 FY24 revenue growth to have been mainly led by network expansion as SSSG for most retailers has been dented by the drab demand environment. Sales and SSSG were also hurt as Q4 is the weakest of all quarters for some retailers. EBITDA margins of most retailers expanded y/y on better gross margins due to favourable raw material prices and operational efficiencies. However, for some companies, this gain was partially offset by EoSS. Price cuts by most retailers because of lower raw material prices would be reflected in the base. Less demand for athleisure dragged on performances of innerwear companies. Comparable growth of value retailers improved q/q. For footwear companies, BIS implementation was extended to July-end due to which a higher inventory build-up would continue, to avoid supply-chain disruptions. We expect Q1 FY25 to be better for jewellery retailers due to Akshaya Tritiya. Ahead, demand revival is key to growth; however, Q1 FY25 might be impacted by fewer wedding dates and the elections. We have Buys on ABFRL, Arvind Fashions, Go Fashion and EMIL

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e
ABFRL*	C	Buy	240	33,330	15.7	(20.0)	7.4	6.7	13.3	(1,683)	(13.5)	56.4	1,39,222	12.1	(6,378)	972.5	1,58,790	14.1	(2,687)	(57.9)	1,80,839	13.9	112	(104.2)	NA	NA	NA
Arvind Fashions**	C	Buy	432	11,080	(2.8)	(1.5)	12.5	10.9	12.7	240	119.5	(53.1)	42,732	(3.3)	1,095	24.6	48,986	14.6	2,730	149.2	55,355	13.0	3,855	41.2	52.1	20.9	14.8
Dollar Industries	C	Hold	567	4,818	18.6	45.3	15.5	2.8	9.8	504	10923.8	183.7	15,541	11.5	1,044	99.0	17,562	13.0	1,463	40.2	20,020	14.0	1,791	22.4	30.8	22.0	18.0
Electronics Mart	C	Buy	202	15,268	15.0	(14.6)	7.2	6.8	6.4	361	(0.2)	(21.2)	63,177	16.0	1,795	46.1	77,991	23.4	2,465	37.4	94,317	20.9	3,256	32.1	43.2	31.5	23.8
Go Fashion	C	Buy	1,200	1,798	14.1	(11.0)	29.4	31.5	33.4	204	38.2	(12.8)	7,609	14.4	901	8.9	9,234	21.3	1,304	44.7	11,120	20.4	1,718	31.7	71.9	49.7	37.7
Kewal Kiran	C	Hold	736	2,219	11.2	10.8	20.0	19.6	19.4	256	(18.8)	(23.1)	8,629	10.7	1,422	19.5	10,192	18.1	1,674	17.7	11,871	16.5	1,990	18.9	31.9	27.1	22.8
Metro Brands	C	Hold	1,060	5,993	10.1	(5.7)	29.8	26.4	31.3	851	23.9	(13.8)	23,730	11.6	3,413	(5.6)	27,483	15.8	4,360	27.7	32,104	16.8	6,060	39.0	84.3	66.0	47.5
Page	C	Hold	35,089	10,898	12.5	(11.3)	18.6	13.9	18.7	1,311	67.3	(14.0)	46,761	(2.4)	5,861	2.6	53,495	14.4	6,960	18.8	62,391	16.6	8,373	20.3	66.8	56.2	46.7
Vmart	C	Hold	2,130	6,689	12.6	(24.8)	4.8	3.9	13.5	(217)	(41.6)	(177.0)	27,859	13.0	(795)	913.3	31,766	14.0	(28)	(96.4)	38,938	22.6	688	(2521.6)	NA	NA	61.0

FMCG

A longer winter, unseasonal rainfall in some regions and weak consumer sentiment weighed on demand in Q4 FY24. Rural demand recovery is sluggish for most FMCG companies. We expect gross margins to have expanded in Q4, aided by the fall in input prices. However, a part of the gross-margin gains would have been used for higher brand investments to drive faster volume growth. EBITDA margins gains though are likely to have persisted despite brand spends. We are optimistic regarding volume-led growth for FMCG companies in FY25, with small margin gains driving double-digit earnings growth. Our preferred picks are HUL, GCPL, Emami and Zydus Wellness

Alcoholic beverages

Within alcoholic beverages, the premium segment continues to outrun the regular segment. High grain prices and costs of glass bottles would have kept gross margins under pressure. However, a 30% fall in barley prices could have aided margins for breweries (reflected in Q3 FY24 results). For the sector overall, we expect FY25 demand to be steady (though slightly weaker for regular spirits), with better margins (on the fall in input costs, price hikes and premiumisation). We have a Buy on United Breweries, driven by tailwinds of volume growth and margin recovery. However, pricey valuations compel us to retain Hold ratings on United Spirits and Radico Khaitan

Paints

Demand for paints (volume growth in high single digits to double digits) is likely to have been steady in Q4. Paint companies have cut prices 2.5-3%, part of this offset by the 1.5% reduction in trade margins. We believe low input price-driven margin expansion for paint companies is behind us. In fact, crude-price volatility (crude-oil derivatives account for >50% of raw-material costs), price cuts and higher A&SP spends (on stiffer competition) could lead to margin pressure ahead. Hence, we are still cautious on the sector for FY25 due to new competition and near-peak margins. We have Hold ratings on Asian Paints, Berger Paints and Kansai Nerolac

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e
Asian Paints	C	Hold	2894	94,025	7.0	3.3	21.1	21.2	22.6	13,563	7.7	-6.3	3,61,833	4.9	54,080	33.2	3,94,036	8.9	58,695	8.5	4,27,135	8.4	63,827	8.7	51.3	47.3	43.5
Berger Paints	C	Hold	560	26,391	8.0	-8.4	14.9	15.1	16.7	2,222	6.9	-25.5	1,13,453	7.4	12,011	37.6	1,24,239	9.5	14,226	18.4	1,35,048	8.7	14,995	13.3	56.7	49.3	43.6
Kansai Nerolac	S	Hold	283	17,094	6.5	-5.8	11.0	9.5	13.2	1,144	21.8	-27.4	79,493	5.4	7,089	49.7	85,932	8.1	8,263	16.5	93,064	8.3	9,399	13.8	32.2	27.7	24.3
United Spirits	C	Hold	1142	27,271	9.0	-9.2	9.8	9.4	16.2	1,509	24.9	-56.9	1,14,126	7.5	13,422	39.6	1,26,450	10.8	16,168	20.5	1,39,601	10.4	18,500	14.4	61.8	51.3	44.8
United Breweries	C	Buy	1829	20,121	13.9	10.3	7.7	3.0	8.0	847	763.0	-0.8	80,848	7.8	4,753	41.0	90,978	12.5	6,980	46.8	1,00,590	10.6	8,729	25.1	101.6	69.2	55.3
Radico Khaitan	C	Sell	1666	11,259	35.3	-3.0	9.8	9.5	12.3	462	24.0	-37.4	42,369	34.8	2,597	17.9	50,214	18.5	3,804	46.4	54,608	8.8	4,632	21.8	85.6	58.4	48.0
Zydus Wellness	C	Buy	1564	7,486	5.0	85.7	23.1	20.3	3.1	1,631	7.0	NA	23,263	3.2	2,990	-6.7	25,854	11.1	4,229	41.4	28,672	10.9	4,052	-4.2	33.3	23.5	24.6
HUL	C	Buy	2270	1,49,308	2.0	0.0	23.1	23.3	23.3	24,847	0.5	-2.5	6,23,530	2.9	1,04,877	3.0	6,79,213	8.9	1,17,986	12.5	7,44,487	9.6	1,32,864	12.6	50.9	45.2	40.2
Dabur	C	Hold	503	28,117	5.0	-13.6	15.8	15.3	20.5	3,132	6.9	-38.2	1,25,987	9.3	18,376	7.5	1,37,286	9.0	20,868	13.6	1,48,881	8.4	23,180	11.1	48.5	42.7	38.5
Marico	C	Hold	520	22,848	2.0	-5.7	19.2	17.5	21.2	3,337	10.5	-12.9	98,079	0.4	15,140	16.3	1,08,362	10.5	16,529	9.2	1,19,962	10.7	18,695	13.1	44.3	40.6	35.9
Emami	C	Buy	455	8,777	5.0	-11.9	22.8	23.9	31.6	1,468	3.6	-44.9	36,130	6.1	7,539	16.5	40,039	10.8	8,486	12.6	44,091	10.1	9,604	13.2	26.4	23.4	20.7
Godrej Consumer	C	Buy	1244	32,002	0.0	-12.6	21.9	20.0	23.0	4,712	-0.6	-19.8	1,41,819	6.5	19,647	11.8	1,56,568	10.4	24,556	25.0	1,56,568	11.1	29,014	18.2	64.7	51.8	43.8

On the higher blended marketing margins of Rs4/litre (Rs2.5 in Q3 FY24), we expect strong Q4 FY24 performances by OMCs (HPC/BPC/IOC)

Upstream companies such as ONGC and Oil India would report steady results, given flat oil & gas realisations q/q (~\$76/bbl, \$6.5/m Btu)

GAIL and GSP's performances are likely to have been steady. For GAIL, we factor in better transmission volumes and lower gas trading earnings (Rs15bn vs. Rs20.7bn in Q3)

Refineries like Chennai Petro would have benefited from higher spreads

Petronet would report a q/q drop in earnings as Q3 saw take-or-pay earnings of earlier years

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
OilIndia	S	BUY	636	58,555	3.6	0.7	37.4	41.6	36.2	15591	-12.8	-1.6	2,15,278	-7.4	50,161	-26.3	2,50,904	16.5	66,445	32.5	2,93,131	16.8	87,574	31.8	13.7	10.4	7.9
HPCL	S	BUY	470	12,40,986	8.4	4.8	4.1	4.2	1.8	31560	97.9	497.0	41,34,324	-11.3	1,64,618	NA	38,97,832	-5.7	1,00,235	-39.1	37,87,145	-2.8	1,04,217	4.0	4.1	6.7	6.4
BPCL	S	BUY	600	13,32,645	-0.1	2.5	8.0	8.4	4.8	67,526	-13.8	98.8	63,80,546	19.6	2,73,799	673.6	61,68,770	-3.3	1,45,782	-46.8	60,36,096	-2.2	1,44,632	-0.8	4.6	8.6	8.7
IOCL	S	HOLD	133	21,88,591	-3.4	-1.9	7.3	6.8	6.9	85558	-14.9	6.1	79,64,798	-14.8	3,98,074	383.0	73,84,570	-7.3	2,84,318	-28.6	70,80,425	-4.1	2,60,282	-8.5	4.6	6.4	7.0
ONGC	S	BUY	270	3,66,369	0.9	5.3	51.5	45.0	49.3	93144	3.6	-23.2	14,02,560	-9.8	4,03,143	-16.2	14,97,859	6.8	4,25,028	5.4	15,77,071	5.3	4,39,154	3.3	8.6	8.2	7.9
GujaratGas	S	SELL	560	33,456	-17.9	-18.1	14.5	13.8	9.8	2853	-22.7	29.5	1,22,377	-27.0	11,624	-23.8	1,35,799	11.0	15,120	30.1	1,56,076	14.9	16,605	9.8	33.2	25.5	23.2
MGL	S	BUY	1400	17,516	-1.1	1.6	27.1	22.0	26.0	3384	25.9	6.7	57,210	-9.2	12,865	62.9	60,713	6.1	13,256	3.0	64,443	6.1	13,354	0.7	10.8	10.5	10.4
IGL	S	BUY	470	39,812	-2.0	1.4	15.0	11.5	14.4	4,026	22.1	2.7	1,19,681	-15.4	17,225	19.2	1,34,414	12.3	18,911	9.8	1,51,067	12.4	20,391	7.8	19.1	17.4	16.1
PetronetLNG	S	BUY	280	1,21,478	-12.4	-17.6	10.0	6.8	11.6	8179	33.2	-31.3	7,55,124	26.1	33,898	4.6	8,49,383	12.5	36,426	7.5	9,03,214	6.3	38,684	6.2	12.4	11.5	10.9
GAIL	S	HOLD	197	3,05,964	-6.9	-10.7	8.8	0.9	11.2	16903	180.1	-40.5	11,67,361	-19.1	81,997	54.7	12,52,261	7.3	91,263	11.3	13,81,937	10.4	1,04,417	14.4	15.8	14.2	12.4
ChennaiPetro	S	BUY	936	2,13,959	0.2	4.6	5.9	7.6	3.3	7604	-24.3	111.2	7,23,292	-5.7	26,752	-24.3	7,03,602	-2.7	21,954	-17.9	6,82,080	-3.1	16,679	-24.0	5.2	6.3	8.4
GSPL	S	BUY	378	5,566	25.6	0.4	73.9	66.5	68.5	2762	23.1	5.3	20,845	18.3	12,023	27.2	21,392	2.6	11,952	-0.6	22,569	5.5	12,466	4.3	17.7	17.8	17.1

Healthy execution to have led to higher core revenue. We expect 15 of the 16 companies reviewed to report higher core revenue y/y, led by healthy execution. Consequently, aggregate revenue from oper. of the companies reviewed is likely to be ~16% better y/y. Sequentially, we see aggregate revenue rising ~18% on the general trend of sturdier execution pace in Q4 vs. Q3.

Operating profitability, margin expansion likely. We expect a ~12.2% blended core EBITDA margin for the 16 names. This would be a ~85bp expansion y/y, on a combination of greater scale and change in mix (jobs, orders). Distribution is expected to have been balanced with the core EBITDA margin likely expanding for 10 companies and contracting for six. Q/q, we expect the blended core EBITDA margin to be largely flat. The companies (ie, 13) with q/q expansions are likely to outnumber those with contractions (three).

Additions, mixed bag. We see aggregate orders added by the companies we cover to exceed Q4 FY24e revenue from operations. Distribution, however, is likely to have been a mixed bag with inflows likely lagging revenue for eight names but exceeding for the balance. Among the road-sector companies, HG Infra, helped by non-road orders, is likely to see its order backlog expand but peers' OBs seem set to contract. For the companies we cover, Kalpataru, with significant orders, is likely to emerge as the key contributor to aggregate additions. Besides Kalpataru, KEC, NCC, HG Infra and J Kumar feature among the top five.

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)*		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e
Ahluwalia Contracts	S	Hold	1,091	11,004	27.5	7.2	11.5	12.8	10.9	806	11.6	14.1	37,921	33.6	2,563	32.0	45,285	19.4	3,281	28.0	51,939	14.7	3,844	17.1	14.9	12.5	10.5
Ashoka Buildcon	S	Hold	173	23,549	15.2	10.4	8.5	7.3	8.3	1,069	24.8	23.3	75,817	19.0	2,808	-12.8	79,386	4.7	3,820	36.0	87,940	10.8	4,702	23.1	14.8	9.6	7.7
Capacit'e	S	NR	285	5,475	24.7	24.0	19.3	19.0	19.4	365	73.4	42.2	18,276	2.1	997	5.7	23,074	26.3	1,391	39.4	27,649	19.8	1,696	22.0	20.1	15.7	12.9
Dilip Buildcon	S	Hold	469	30,866	8.0	20.0	12.7	9.5	12.4	1,219	238.7	62.6	1,06,931	5.7	4,066	239.1	1,12,138	4.9	4,727	16.2	1,20,955	7.9	5,649	19.5	11.3	10.1	9.4
GR Infraprojects	S	NR	1,340	20,548	3.0	13.8	14.0	14.5	12.6	1,934	0.6	31.5	77,201	-5.2	6,918	-18.8	73,686	-4.6	6,586	-4.8	85,529	16.1	8,365	27.0	13.3	14.7	11.5
HG Infra	S	Hold	1,070	16,419	11.7	21.9	15.9	16.2	15.9	1,501	1.7	30.7	52,262	18.3	4,565	8.3	59,236	13.3	5,256	15.1	65,820	11.1	5,830	10.9	9.6	10.4	9.3
IRB Infrastructure	C	Hold	70	19,924	23.0	1.2	44.8	46.8	44.2	1,781	36.8	-5.0	72,571	13.4	5,913	-17.9	80,621	11.1	7,866	33.0	87,998	9.2	10,068	28.0	17.8	18.6	16.5
ITD Cementation	C	Hold	326	22,101	35.5	9.6	10.4	9.0	10.2	891	135.8	13.7	76,015	49.3	2,746	121.0	90,025	18.4	3,754	36.7	1,00,046	11.1	4,247	13.1	20.9	14.9	13.2
J. Kumar	S	Hold	614	13,594	19.9	11.5	14.4	14.1	14.7	900	21.8	8.9	48,136	14.5	3,172	15.6	55,780	15.9	3,729	17.5	62,652	12.3	4,195	12.5	15.1	12.5	11.1
Kalpataru Projects	S	Sell	1,162	53,102	20.8	28.0	8.4	7.1	8.3	1,912	66.7	32.8	1,72,809	20.5	5,992	25.4	2,05,261	18.8	7,326	22.3	2,35,677	14.8	8,463	15.5	27.1	24.2	20.9
KEC International	C	Sell	754	60,776	10.0	21.4	7.2	5.1	6.1	1,617	124.0	67.0	1,98,269	14.7	3,568	102.7	2,23,798	12.9	6,832	91.5	2,47,531	10.6	9,293	36.0	50.0	28.4	20.9
KNR #	S	Hold	265	11,296	-3.9	24.8	16.7	18.0	16.3	1,145	-10.9	33.9	39,918	6.6	4,183	7.7	41,839	4.8	4,209	0.6	44,820	7.1	4,460	6.0	13.4	14.5	13.7
NBCC (India)	S	Sell	135	26,474	18.9	38.0	6.0	4.0	6.5	1,556	55.7	16.7	76,661	13.8	5,018	40.7	86,499	12.8	5,149	2.6	96,744	11.8	5,612	9.0	39.9	44.5	40.8
NCC Limited	S	Hold	266	51,937	29.3	9.4	10.3	10.6	10.1	2,544	43.2	19.5	1,79,031	34.1	6,837	20.1	1,98,792	11.0	9,423	37.8	2,17,913	9.6	10,317	9.5	20.5	17.1	15.5
PNC Infratech#	S	Hold	464	22,661	7.2	25.7	13.3	13.3	13.3	1,968	6.7	30.2	77,258	9.4	6,751	10.4	84,983	10.0	7,016	3.9	93,976	10.6	7,703	9.8	10.8	11.4	10.4
PSP Projects	S	NR	732	7,840	7.8	12.5	11.4	10.7	10.3	445	-3.9	36.8	25,974	34.8	1,531	15.1	29,229	12.5	1,678	9.6	32,802	12.2	1,989	18.5	16.2	15.7	13.2

Q4 is expected to have been sluggish, mirroring the trends of the last couple of quarters. Also, the US economy has been steady with no major ups or downs, as judged by S&P 500 companies' earnings/outlook. Only BFSI and E&U seem to be improving somewhat but not meaningful enough to translate to Indian IT earnings. Clients are holding back on spending, perhaps anticipating lower interest rates. Hence, TCV growth may have been slower this quarter although given the low conversion in FY24 (and therefore larger order backlog), this would not curb near-term growth expectations. Management commentary for FY25 is expected to be modest. Cross-currency tailwinds of ~35bps in Q4 led to a higher reported dollar. BFSI has been slow for Indian IT for the last few quarters despite large US banks doing well. Hopes of recovery are tied to a more supportive interest-rate environment. Hi-Tech has seen increase in deal-awarding in Q4, which should help improve growth in H1 FY25. Manufacturing is supporting growth in the near term, although it may not accelerate ahead. E&U is also steady. **Top picks: PSYS, Cyient, Mastek**

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
LTIMindtree	C	Buy	4,903	89,222	2.7	(1.0)	17.2	18.5	17.6	11,006	-1.2	(5.8)	3,55,463	7.1	45,828	4.0	3,80,476	7.0	52,444	14.4	4,20,772	10.6	63,606	21.3	31.7	27.7	22.8
Mphasis	C	Hold	2,455	33,922	0.1	1.2	17.8	18.5	18.3	3640	(10.2)	(2.6)	1,33,112	-3.8	15,257	-6.9	1,43,237	7.6	17,089	12.0	1,59,011	11.0	20,326	18.9	30.5	26.8	23.6
Persistent	C	Hold	3,896	26,108	15.8	4.5	19.0	18.5	17.7	3085	22.7	7.8	98,419	17.9	10,867	18.0	1,15,205	17.1	14,481	33.3	1,35,862	17.9	19,026	31.4	54.6	41.4	31.5
Firstsource	C	Hold	199	16,382	5.2	2.7	16.0	15.7	14.8	1412	(0.1)	9.6	63,015	5.3	5,224	1.7	68,806	9.2	6,303	20.7	75,487	9.7	7,212	14.4	27.4	23.6	20.7
Cyient	C	Buy	2,103	15,357	6.0	3.0	20.7	19.7	20.0	1,876	27.0	39.9	59,579	16.9	6,489	38.3	66,003	10.8	8,586	32.3	73,449	11.3	10,112	17.8	32.2	24.0	19.7
Birlasoft	C	Buy	732	13,675	11.5	1.8	16.7	13.6	16.0	1703	51.9	5.7	52,667	9.8	6,140	85.2	58,535	11.1	7,140	16.3	65,825	12.5	8,296	16.2	35.2	31.4	26.3
KPIT	C	Hold	1,494	13,148	29.2	4.6	20.4	19.1	20.6	1565	40.3	0.8	48,685	44.7	5,866	54.0	60,435	24.1	7,707	31.4	73,953	22.4	10,346	34.2	70.3	56.8	41.7
Mastek	C	Buy	2,618	8,128	14.6	3.6	17.5	17.7	17.0	819	12.9	8.8	30,879	20.5	2,902	-1.0	35,845	16.1	3,683	26.9	41,265	15.1	4,599	24.9	28.2	22.8	17.9
Intellect	C	Hold	1,045	6,343	3.0	0.0	21.7	22.4	20.6	958	5.6	13.6	25,270	13.3	3,440	28.7	27,215	7.7	4,711	37.0	31,418	15.4	5,976	26.8	37.3	27.3	21.5
Sonata	C	Hold	761	7,292	36.7	4.6	22.1	2,455	22.6	898	2.3	4.6	27,298	42.2	3,393	4.8	33,070	21.1	4,075	20.1	40,343	22.0	4,971	22.0	61.6	32.7	26.8
LatentView Analytics	C	Hold	558	1,755	24.4	5.9	23.2	21.4	22.2	446	30.6	-4.1	6,446	19.6	1,580	1.7	7,939	23.2	1,971	24.8	9,776	23.1	2,479	25.8	70.6	61.2	47.9

Hotels

We expect Q4 FY24 to have been strong for the companies we cover (Indian Hotels, Lemon Tree, Park Hotels, Chalet Hotels) as demand remains robust, likely resulting in ~12-15% y/y ARR growth

Multiplexes

We expect a weak Q4, with q/q declines of ~15% in admissions, ~3-4% in ATP (Rs271 in Q3) but a similar level of SPH (Rs132 in Q3). Occupancy must have been ~21%, with EBITDA at breakeven levels. The company had ~1,708 screens in Q3 and would have added ~40-45 (gross) during the quarter

Luggage

We expect a strong Q4 for Safari and VIP, boosted by weddings and buoyant travel. On the margin front, Safari is expected to post a steady ~17.6%; VIP ~12%, better q/q

Internet companies

IndiaMart. We expect revenue to have grown 17.5% y/y, with ~2,500 paying subscribers added and ~10-11% y/y ARPU growth. We expect margins to have declined 140bps q/q to ~26.7% (though y/y up 210bps). Since employees' salaries were hiked in Dec'23 (earlier, in Jan), a smaller decline in the EBITDA margin q/q is likely compared to the past trend (a decline of ~340bps was seen in Q4 FY23 compared to Q3 FY23)

Rategain. Q4 revenue would be flat q/q at Rs2.4bn (but y/y up 35.8%). Q4 to see margins similar to Q3's 20.3% (a 270bp y/y expansion).

MapMyIndia. We expect revenue to have grown ~45% y/y to Rs1.05bn in Q4, on steady growth in the A&M and C&E segments. We expect EBITDA to have grown ~49% y/y to Rs432m, with a ~41.1% margin (up 110bps y/y)

Affle. We expect Q4 revenue to have grown ~40.2% y/y (organic ~20% y/y). Although there is short-term volatility due to macro factors, growth in Q4 is likely to be flat q/q due to the turnaround in developed markets (especially the US) compared to the past ~8-10% decline in revenue from Q3 to Q4. The EBITDA margin would be flat q/q and y/y, at ~19.2%, largely due to investments in premium products across IOS

Pipes

Venus Pipes. We expect revenue to have grown ~10% q/q to Rs2.2bn (29.2% y/y). We expect margins to be largely flat q/q at ~19% (but y/y up 680bps)

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
IHCL	C	Buy	605	18,855	16.0	(4.0)	35.6	32.9	37.3	4,077	24.2	(9.8)	67,537	16.2	12,169	21.4	77,345	14.5	14,607	20.0	88,837	14.9	17,555	20.2	71.5	59.2	49.3
Chalet	C	Buy	856	4,392	30.0	17.5	46.3	45.1	44.4	856	118.6	21.2	14,580	29.2	2,462	32.4	18,039	23.7	3,827	55.5	20,655	14.5	4,927	28.7	71.5	46.0	35.7
Lemon Tree	C	Buy	141	3,234	28.0	12.0	51.0	55.4	48.4	523	18.9	47.6	10,700	22.3	1,614	40.9	13,963	30.5	3,152	95.3	15,632	12.0	3,999	26.9	69.6	35.6	28.1
Park Hotels	C	Buy	208	1,984	NA	24.9	36.0	NA	35.2	301	NA	9.9	6,217	22.8	740	53.6	7,553	21.5	1,535	107.5	8,502	12.6	1,822	18.7	49.4	23.8	20.0
PVRInox	C	Buy	1,385	12,380	8.3	(19.9)	0.8	0.5	13.1	-1,013	-64.5	(345.9)	60,887	62.3	1,032	NA	68,582	12.6	4,370	323.5	79,329	15.7	6,165	41.1	132.0	31.2	22.1
Affle	C	Sell	1,081	4,987	40.2	0.0	19.2	19.4	19.4	761	22.0	-1	18,353	28.0	2,859	16.9	22,349	21.8	3,576	25.1	27,556	23.3	4,580	28.1	51.2	41.0	32.0
Rategain	C	Buy	706	2,484	35.8	-1.4	20.3	17.6	20.3	392	16.1	-3.0	9,496	68.0	1,391	103.3	11,854	24.8	2,054	47.7	14,225	20.0	2,715	32.2	55.8	37.8	28.6
Indiamart	C	Buy	2,555	3,158	17.5	3.4	26.7	24.6	28.1	809	44.8	-1.3	11,979	21.6	3,101	9.2	15,313	27.8	3,969	28.0	18,633	21.7	5,107	28.7	50.7	39.6	30.8
Map My India	C	Buy	1,908	1,051	45.0	14.2	41.1	40.0	39.1	362	29.2	17.7	3,780	34.3	1,357	26.5	5,091	34.7	1,854	36.6	6,864	34.8	2,624	41.5	22.7	25.2	28.4
Venus Pipes	S	Buy	1,922	2,278	29.2	10.0	19.0	12.2	18.8	259	92.6	11.2	8,715	57.6	847	89.0	11,110	27.5	1,199	41.5	12,568	13.1	1,494	24.6	46.2	32.6	26.2
Safari	C	Hold	2,015	3,633	20.0	-6.5	17.6	19.3	17.6	396	3.9	-7.8	15,998	32.0	1,809	44.6	19,198	20.0	2,230	23.2	23,037	20.0	2,728	22.3	52.8	42.9	35.0
VIP	C	Buy	547	5,096	13.1	-6.7	12.0	14.3	9.6	192	NA	168.8	22,382	7.5	974	-36.1	25,740	15.0	1,864	91.4	30,888	20.0	2,942	57.8	79.4	41.5	26.3

We expect strong Wind Turbine deliveries in Q4 and have factored in 313MW/130MW for Suzlon and Inox Wind. This would translate to sharp growth in earnings. Order books of over 5.6GW at end-Q3 provide strong earnings assurance for FY25/26.

Company	C/S	Reco	Price (Rs) 8 Apr 24	Q4 FY24e									FY24e / CY23e				FY25e / CY24e				FY26e / CY25e				P/E (x)		
				Revenue			EBITDA margin (%)			Adjusted PAT			Revenue		Adjusted PAT		Revenue		Adjusted PAT		Revenue		Adjusted PAT				
				(Rs m)	% Y/Y	% Q/Q	Mar-24	Mar-23	Dec-23	(Rs m)	% Y/Y	% Q/Q	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	(Rs m)	% Y/Y	FY24e	FY25e	FY26e
Suzlon	C	Buy	41	25,817	52.4	65.4	12.6	13.7	15.9	2622	283	29.1	69,146	15.8	7,034	322.0	1,19,745	73.2	16,619	136.3	1,55,598	29.9	18,976	14.2	79.2	33.5	29.4
Inox Wind	C	Buy	540	10,877	464.2	116.1	13.5	-15.5	18.4	803	NA	1974.4	23,031	213	90	NA	45,003	95.4	5,124	5609.7	68,250	51.7	8,011	56.3	1960.8	34.3	22.0

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.

© 2024. 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.