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MUTUAL FUND

RELIANCE INDUSTRIES

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TECH MAHINDRA

ANNUAL REPORT NECTAR

FY24

UNILIVER

ITC LTD.

NESTLE

GODREJ

SBI LIFE INSURANCE

ICICI PRUDENTIAL

ICICI LOMBARD

DR. REDDY'S

LUPIN

DR. LAL'S PATHLABS

Sources: Company annual reports, Bloomberg, Management Interviews, Company Presentations

WHY READ ANNUAL REPORTS

The best advice I ever got was on an airplane. It was in my early days on Wall Street. I was flying to Chicago, and I sat next to an older guy. Anyway, I remember him as being an old guy, which means he may have been 40. He told me to read everything. If you get interested in a company and you read the annual report, he said, you will have done more than 98% of the people on Wall Street. And if you read the footnotes in the annual report you will have done more than 100% of the people on Wall Street. I realized right away that if I just literally read a company's annual report and the notes -- or better yet, two or three years of reports -- that I would know much more than others.

Jim Rogers

Jim Rogers, born in October 1942, is an American investor and author. He co-founded the Quantum Fund and is known for his insights on global markets and commodities.

COMPANIES CREATING NEW GROWTH VECTORS

Some companies which in our reading are creating new growth vectors. It is difficult to assess ex-ante if these would be successful however just looking at these from old lens may not suffice. The nectar this year focuses on some of these initiatives.

Company	Core Business	New Vector
Coromandel	Fertilizer and Crop protection	CDMO and Speciality Chemical
Grasim	Chemicals & Cement	Paints and Platform
Jubilant	Dominoes (Pizza)	Popeyes (Chicken)
Ganesha Eco	Fiber (Commodity)	Bottle to Bottle chips (VAP)
Havells	Wire and small appliance	Consumer durables
Cholamandalam	Vehicle and Lap	CSEL, SBPL and SME
Zomato	Delivery	Quick Commerce
Alkem	Acute	Chronic
Bharat Forge	Auto Ancs	Defence
Samvardhana	Auto Ancs	Non- Auto
Tata Motor (JLR)	Premium SUV	Luxury SUV
Exide	ICE	EV
Castrol	Lubricants	Data Center
CG Consumer	Transformer and Motors	Fabs
NTPC	Thermal	Renewable
Radico	IMFL (Regular and P&A)	Luxury
Century	Plywood Laminates	MDF
Varun Beverages	India	South Africa

COMPILATION FROM OVER 20+ SECTORS

AGRI | AUTO ANCS | AUTO | BANKS | CEMENT | CHEMICAL | ENERGY

FMCG | GAS | PHARMA | NBFCS | NBFCS | IT | INFRA

INSURANCE | METALS | UTILITIES | RETAIL | 2W | DURABLES | MISC

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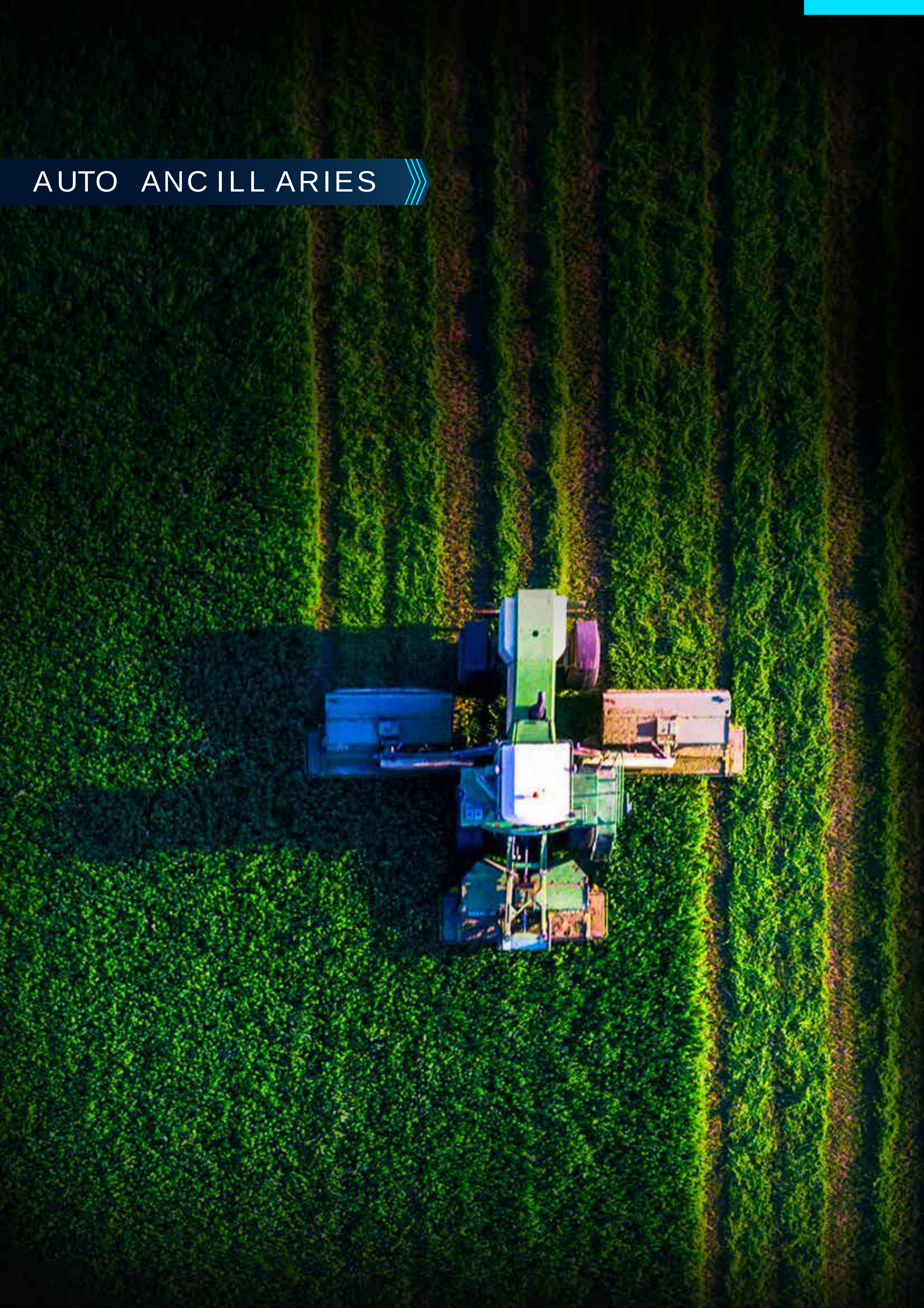
AUTO ANCILLARIES

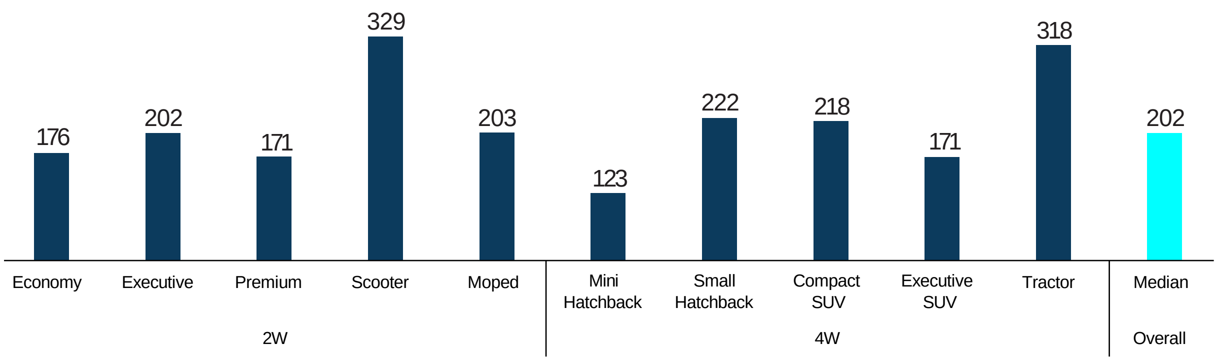


The defence business has been an integral part of the Bharat Forge's growth strategy, initiated in 2013 and now reaching a stage of maturity after a decade. The company offers a broad range of products, including towed, mounted, and ultra-light guns, as well as protected vehicles and unmanned systems, developed using indigenous technologies. Nine platforms have been established in the artillery segment, and plans are in place to manufacture over 250 guns and 1 ,000 vehicles annually. The manufacturing setup has been designed to accommodate increased capacity, should demand require it. From the outset, the company has clearly defined the activities it will not engage in within the defence sector, including weapons and systems banned by international conventions. By FY2025, the defence vertical is expected to transition entirely to Kalyani Strategic Systems Limited (KSSL), a 100% owned subsidiary, once the new facilities are operational and the necessary licenses are transferred.

Motherson's unique acquisition approach, at the behest of the customers, is outlined through its acquisition framework. The strategy focuses on addressing specific supply chain issues identified by customers. Acquisitions must meet strict investment criteria and demonstrate potential for a 40% ROCE, with a selection rate of less than 5% reflecting their conservative process. Motherson employs a robust M&A evaluation framework, supported by global teams, to ensure strategic alignment. They also assess the target company's team for growth potential, providing support through investment, streamlined processes, I T systems, and group expertise to help newly acquired companies realize their full potential.

UNO Minda is one of the fastest growing Auto Anc in India. The company attributes its success to well-planned expansion strategies, increasing kit value, market share gains, and its innovative, differentiated product offerings, all supported by strong demand and industry growth.

Uno Minda's Kit values by segments (2024 vs 2020 Indexed)



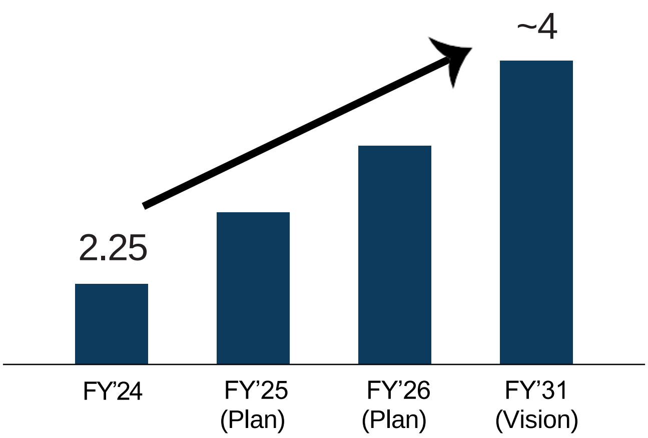
Source: Tech bulletin published by ICAR Directorate of Wired Reserch on 14-Feb-23; Press release published by the Ministry of Agriculture & Farmers Welfat\re on 14-Feb-23, Monthly bulletin on Foreign Trade published in Mar 2023

JLR's strategy to transform from a premium to a luxury brand: JLR's 'Reimagine' strategy aims to transform the company into a sustainable luxury business, with a goal of achieving carbon net zero by 2039. Key targets include reaching double-digit EBIT margins by 2026 and becoming net cash positive by FY25. The strategy focuses on four distinct brands—Range Rover, Defender, Discovery, and Jaguar—each representing unique elements of modern luxury. JLR plans to introduce pure electric vehicles across all brands by 2030, supported by new architectures like MLA, EMA, and JEA. Facilities will be reconfigured for electric production, with new labs and manufacturing updates to support this transition and reduce GHG emissions by 46% by 2030.

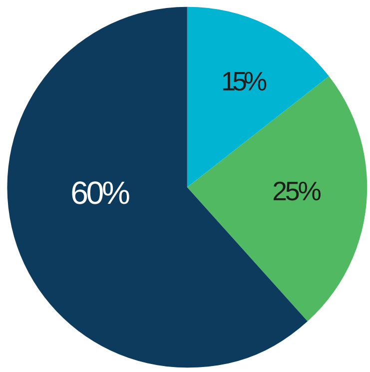
Maruti plans to double is volumes by FY31 with BEV contribution of 15%

(in million units)
(Domestic + Exports)

~4 MN UNITS
BY FY 2030-31



POWERTRAIN MIX:
PLAN FOR INDIAN MARKET
FY 2030-31
(%)



- Battery Electric Vehicle
- Hybrid Electric Vehicle
- Highly Fuel Efficient Internal Combustion Engines (CNG, Biogas, Flex Fuel Vehicle, Ethanol Blended Fuel, etc.)

M&M targets a 5x scale and value increase for its Growth Gems (M&M has identified 10 businesses for 5x growth over 5-7 yrs): Mahindra Susten aims to expand solar capacity from 1.5 GW to 7.0 GW by F Y27. Mahindra Accelo seeks to become India's top auto component supplier and vehicle recycling leader by F Y28 . Last Mile Mobility plans to launch 10+ new electric 3-wheelers. Mahindra Lifespaces focuses on sustainable urban projects, while Mahindra Holidays aims to double room inventory by F Y30. Mahindra Logistics will enhance its tech stack, and Farm Machinery aims for market leadership.

BANKS

Axis's attrition at Pre-Covid Lows; Opportunities in Opex.: The bank's attrition rate dropped to 29% from 35% last year, marking the lowest level outside of the Covid period. This improvement supports the smooth integration of Citibank and aligns with broader industry trends, with the senior management team remaining largely stable. The median salary increase was slightly lower at 6%, compared to 8 % last year, with ESOPs representing 1.7% of total shares. Operating expenses (opex) rose 30% year-on-year, with 29% of the increase attributed to technology investments. Integration costs for Citibank totaled ₹11 billion in FY24 and will conclude by August 2024, which could positively impact profits from 2HFY25 onwards. (Source Jefferies, Company).

Past metrics should not be used to evaluate HDFC 2.0: HDFC Bank, one-year post-merger, emphasizes that it should not be evaluated using past metrics due to significant changes in its balance sheet. The borrowing proportion has risen to 21 percent from 8 percent, and the CASA ratio has decreased. This marks a transition to HDFC Bank 2.0, necessitating a fresh perspective on its metrics.

The bank also highlights that loan growth will be slower than deposit growth during this adjustment period. HDFC Bank will focus on granular deposit mobilization, leveraging its distribution strengths and execution focus. The goal is to bring the credit to deposit ratio back to pre-merger levels, maintain adequate liquidity buffers, repay eHDFC borrowings upon maturity, and pursue profitable lending sources. Growth will be pursued only if it meets risk-adjusted profitability thresholds.

ROA: Wholesale vs Retail

Despite challenges in cost allocation between different business segments, recent trends show that wholesale Return on Assets (RoA) at 19% surpasses retail RoA, which stands at 15%. This contrasts with the traditional view that wholesale business is less profitable. Definition of wholesale and retail however varies by company

		Axis	BOB	CBK	CUBK	FB	HDFC	ICIC	Indusind	Kotak	KVB	RBK	SBI	AU Bank
FY23	Wholesale	1.5%	1.4%	-0.3%	1.5%	0.8%	2.8%	2.6%	1.7%	2.6%	1.9%	0.7%	1.5%	3.3%
	Retail	0.4%	2.1%	2.0%	1.3%	1.8%	1.5%	2.1%	2.5%	0.9%	1.6%	1.3%	1.1%	4.5%
FY24	Wholesale	2.7%	1.5%	-0.2%	1.2%	1.2%	2.4%	3.3%	1.1%	2.5%	1.9%	1.0%	1.7%	2.5%
	Retail	1.4%	1.5%	2.0%	1.0%	1.7%	1.2%	2.1%	3.2%	1.3%	1.9%	1.1%	1.0%	1.7%

Source : Company disclosures

CEMENT

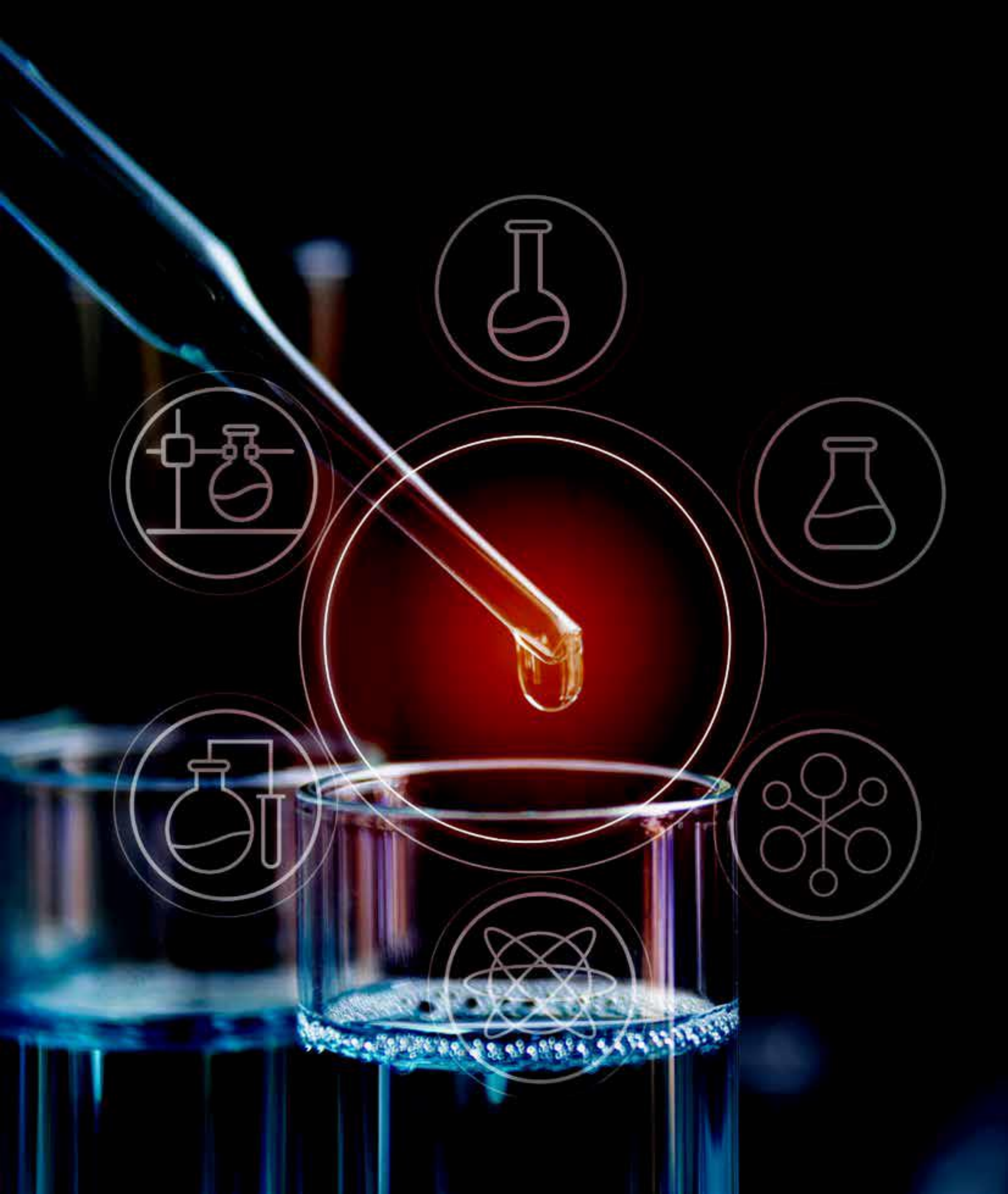
Shree on its rebranding strategy: During the year, the company underwent a significant brand transformation, with 'Bangur' emerging as its flagship brand. This new identity reflects the company's deep-rooted values while positioning it for future growth through strategic brand building. The rebranded portfolio, now under Bangur Cement, includes a broad range of products, maintaining the existing brand architecture of Jungrodhak, Powermax, and Rockstrong. These products have been renamed as 'Bangur Rockstrong,' 'Bangur Powermax,' and 'Bangur Jungrodhak.' Additionally, the company launched a premium product line, 'Bangur Magna,' which is expected to account for 12-14% of total sales soon. Management anticipates that this brand overhaul will drive market share growth over the next 3-4 years.

JK Cement highlights its organic expansion strategy with focus on leverage and cashflows: JK Cement is expanding its capacity, with a capital cost of less than $60 per tonne, well below the replacement cost of $110-$120 per tonne. The company is on track to increase its capacity from 22 MnTPA to 30 MnTPA by FY26 while maintaining a healthy net debt to EBITDA ratio of 1.5-2, ensuring that free cash flow and profitability remain strong. The Ujjain Grinding Unit, commissioned in November 2023, achieved nearly 60% capacity utilization within its first quarter of operation. Additionally, the acquisition of Toshali Cements, including units in Ampavalli and Cuttack, marks JK Cement's strategic entry into the Eastern markets, reinforcing its market expansion efforts.

JSW cement to double capacity over the next 5-7 years, the company plans to invest ₹180 billion to increase its production capacity to 26 M TPA by 2026 and 50 M TPA by 2030. With this expanded capacity, the management aims to capture 10% market share by 2030. The company already has a strong presence in East, West, and South India, and is now strategically planning an entry into the North and Central Indian markets. To support this expansion, it has acquired a limestone mine in Madhya Pradesh from a subsidiary of India Cements.

Source : Company disclosures

CHEMICALS



Gujarat Fluorochemicals, through its subsidiary GFCL EV Products Limited, is establishing a fully integrated battery materials complex in Gujarat, catering to EV and ESS applications, showcasing its focus on green chemistry. The LiPF6 plant marks the entry into the EV battery chemical segment, with commercial sales expected in the second half of FY25. GFL has invested ₹8 bn up to F Y24 and plans an additional ₹8 bn in F Y 2024-25, with revenue impact anticipated by F Y26. The company's offerings include advanced battery chemicals such as electrolyte formulations, high-purity salts, and additives, compatible with various LIB chemistries. GFL's backward integration ensures quality through in-house raw material production, reinforcing its commitment to sustainability and innovation.

SRF management has reiterated a 20% revenue growth target for the overall Chemicals segment in F Y2025, highlighting expectations of strong momentum in the coming years. In F Y2024, the Specialty Chemicals business commissioned nine dedicated facilities at the Dahej site, with a capex of Rs 18 billion. Additionally, Rs 12 billion was capitalized in the Fluorochemicals business, including investments in P TFE and R32 plants and AHCl capacity expansion. The focus now is on ramping up utilization at these expanded capacities to drive growth in 2HF Y25. Specialty fluoropolymer plants are also expected to be commissioned later this year. (The total capex is commercialized in F Y24 is about 30% of the segmental assets deployed in the chemical segment.)

Large Capex + Low Cycle?

Most large chemical companies have more than doubled the gross block over the the last 5-yrs and the current EBI TDA on the potential Gross block is below the last cycle indicative of the current low cycle earnings.

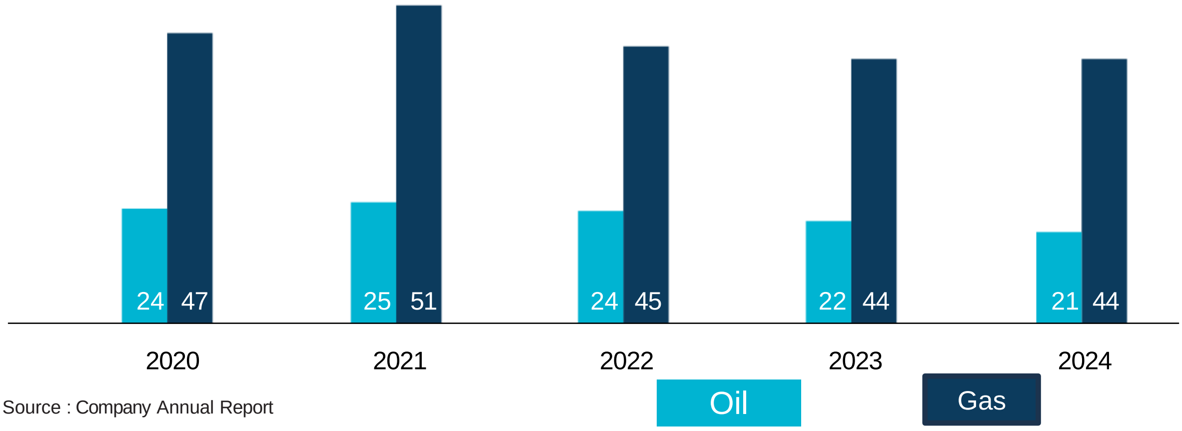
	Current EBITDA/ Potential Gross Block (%)	EBITDA/Gross block (FY15-19) (%)	Capex (FY20-24) / GrossBlock (%)
SRF	16%	18%	141
Deepak Nitrite	30%	22%	109
Atul	16%	45%	188
Aarti Industries	10%	27%	188
Navin Fluorine International	16%	41%	611

Source : Company Annual Report
Note: Potential capex = Cumulative capex FY20-24 plus Gross block of FY24

ENERGY

Oil India has a healthy reserve life of over 20 years for oil and over 40 years for gas based on 2P reserves. The company's production has, however, been constrained by consumption in the North-East. This is also reflected in the low contracted volumes for gas, which currently stand at 40% of the 2 P reserve. With the ramp-up of the Numaligarh refinery by 3x and the Indradhanush pipeline, production growth can accelerate. The company has set an ambitious goal of 4 million metric tons (MM T) of oil and 5 billion cubic meters (BCM) of gas production, up from 3.3 MMT of oil production and 3.1 BCM of gas production.

Reserve Life for Oil and Gas based on 2P reserves

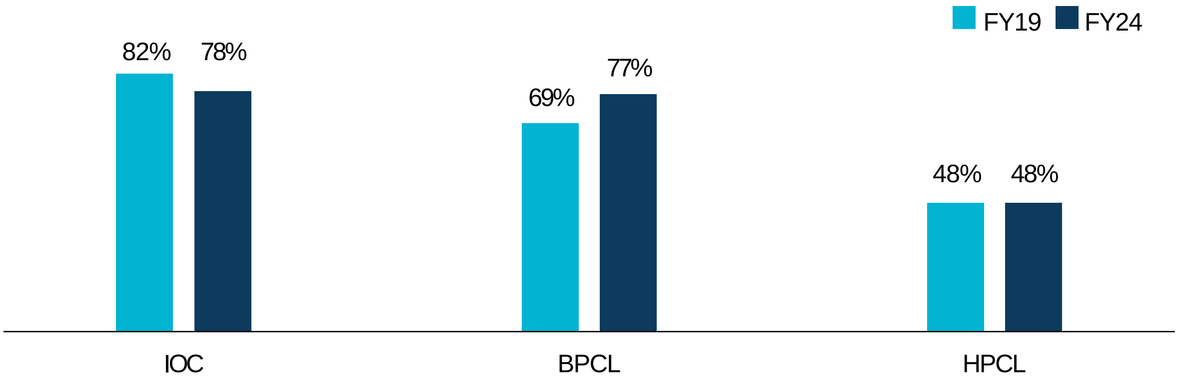


Source : Company Annual Report

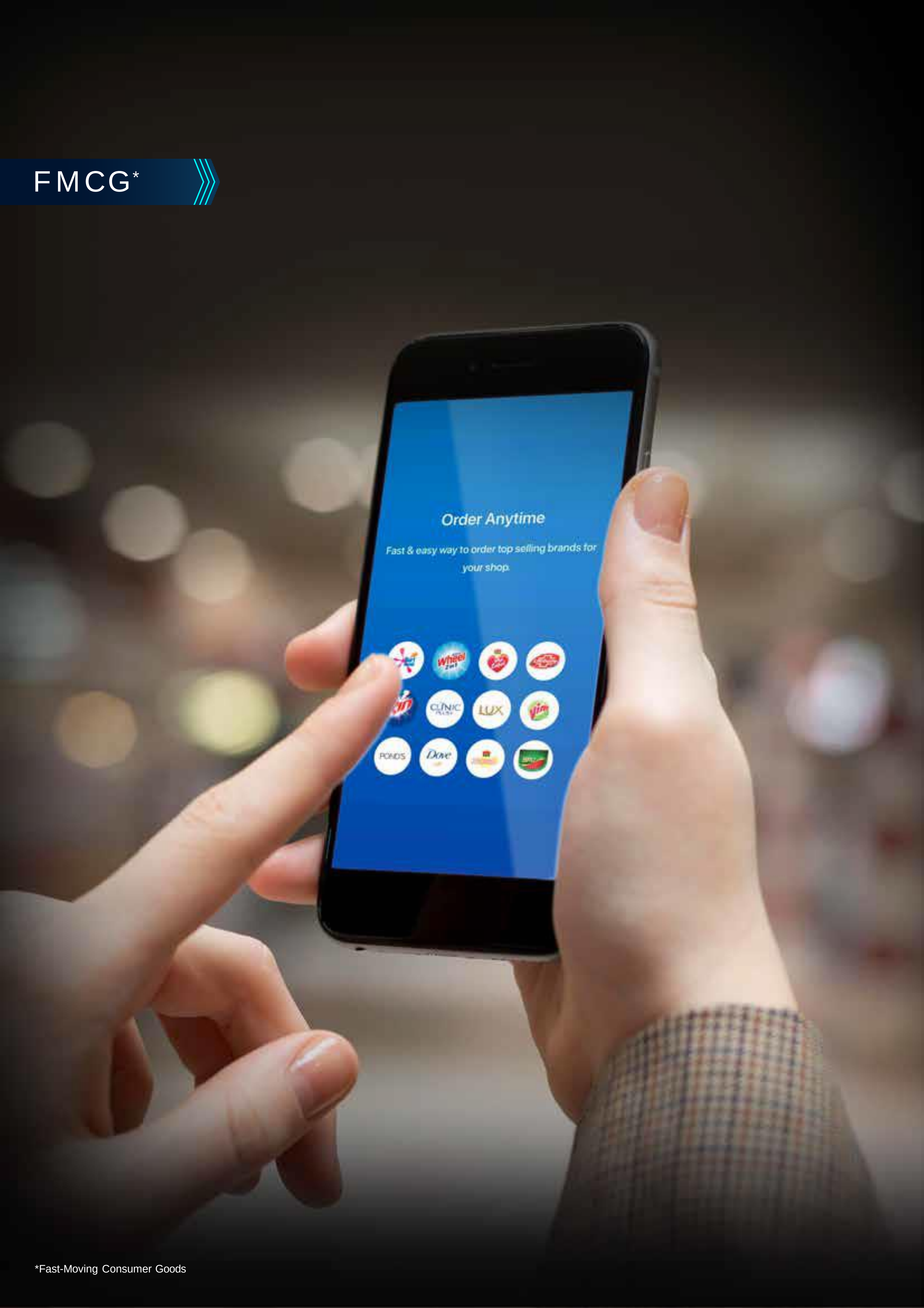
Coal India's AR24 highlights an increased focus on diversifying investments across new segments. The company is investing in a 2,260 MW thermal power plant, coal-to-chemical projects at Mahanadi Coalfields Limited (MCL), Eastern Coalfields Limited (ECL), and Western Coalfields Limited (WCL), and has secured a graphite block through bidding for critical mineral blocks. Additionally, Coal India is expanding its solar power capacity from 82.7 MW to over 3 GW, including a recent 300 MW project in Gujarat. By the end of FY24, the company will have invested ₹34.5 billion in new ventures, with ₹3.47 billion allocated in FY24.

Refining to marketing ratio

The refining-to-marketing ratio reflects the ability of OMCs to capture maximum value from each molecule they market. BPCL has shown the most significant improvement in this ratio.



FMCG*



*Fast-Moving Consumer Goods

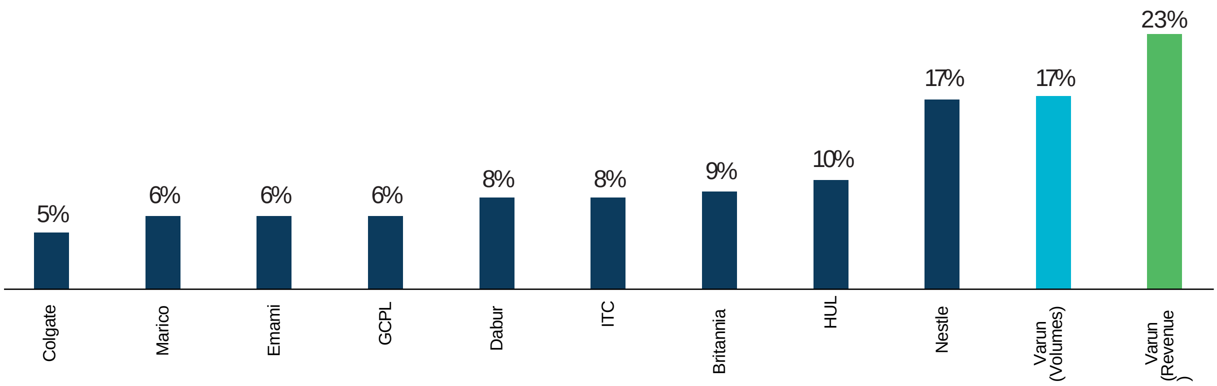
Hindustan Unilever's supply chain, with 28 factories and 50+ manufacturing partners, is a core competitive advantage. The company has implemented single minute changeovers and online changeover lines, enhancing agility. Nano factories have reduced batch sizes, accelerating innovation with over 250 SKUs now produced. Quality standards have been strengthened across all sites, and digital twins were developed for critical processes. Leveraging cutting-edge technical knowledge and R&D, Hindustan Unilever has delivered products that are three times superior compared to 2019, according to consumer tests, showcasing its commitment to innovation and consumer needs.

Radico's strategic priorities focus on three main areas. First, the company aims to drive growth in the Prestige and Above (P&A) category, which currently accounts for 46% of IMFL sales volume and 69% of sales value, with a target of reaching a 55% volume share within three years. Second, Radico plans to expand its luxury brand portfolio, including Rampur, Jaisalmer, Sangam, and Kohinoor, to enhance profitability. Third, the company is committed to improving investment efficiency to generate cash, reduce debt (currently under ₹7 bn), and return value to shareholders, with a goal of being nearly debt-free by FY26.

Varun Beverages aggressive capex plans

Varun Beverages (VBL) is driving growth through strategic capacity and geographic expansion. In CY23, the company invested approximately Rs 34 billion in greenfield and brownfield projects, significantly increasing its production capabilities. By the end of CY24, this investment is expected to boost India's peak month capacity by around 45% compared to CY22. Additionally, with the Rs 13 billion acquisition of Bev Co, VBL is well-positioned to capitalize on the substantial opportunities in the African beverage market. Bev Co's franchise rights from PepsiCo Inc. across South Africa, Lesotho, Eswatini, and distribution rights in Namibia and Botswana, will support VBL's continued growth leadership among the large cap FMCG peers.

Revenue CAGR FY19-24 for FMCG companies



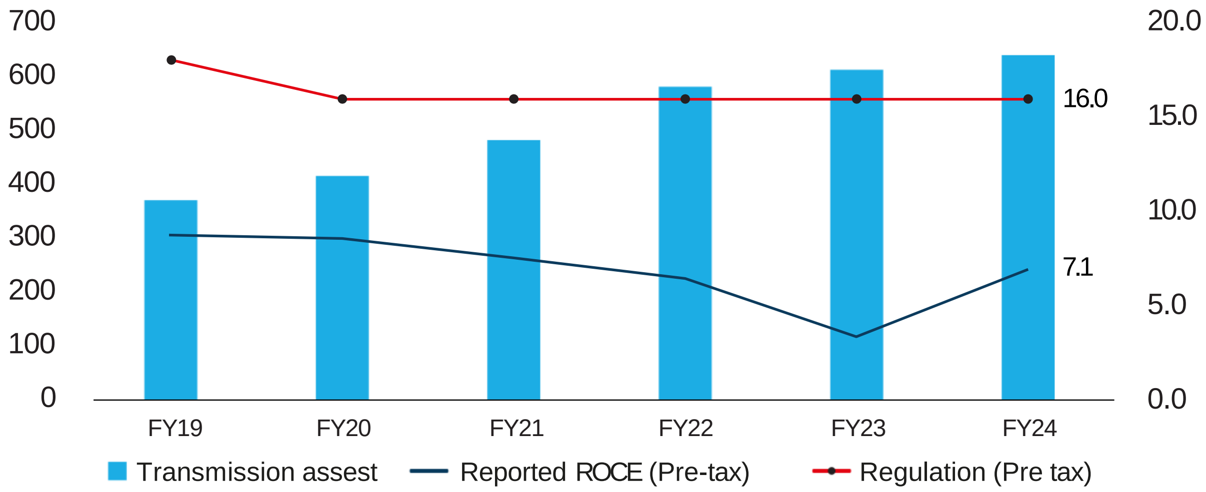
Source : ARQ

GAS UTILITIES

Cost Ratios of Life Insurance cos

GAIL's transmission segment profitability has improved from the lows of FY23; however, even in FY24, the segment ROCE for GAIL is half of what the regulation allows pipeline operators to earn on a nomination pipeline. While not all segment assets may be related to the nomination pipeline, there seems to be room for the segment profitability to improve as volumes grow.

GAIL's transmission segment profitability



The GSPC group has recently revealed the profitability of GSPC's trading portfolio. While GAIL's market volume is 9x higher, GSPC's profitability per unit is 2-9x higher than GAIL's. GAIL markets around 40% of domestic volumes, where profitability is low. Even after adjusting for this, GSPC's profitability remains significantly higher than GAIL's, indicating potential headroom for marketing profitability for GAIL.

GAILs vs GSPC trading segment profitabilty

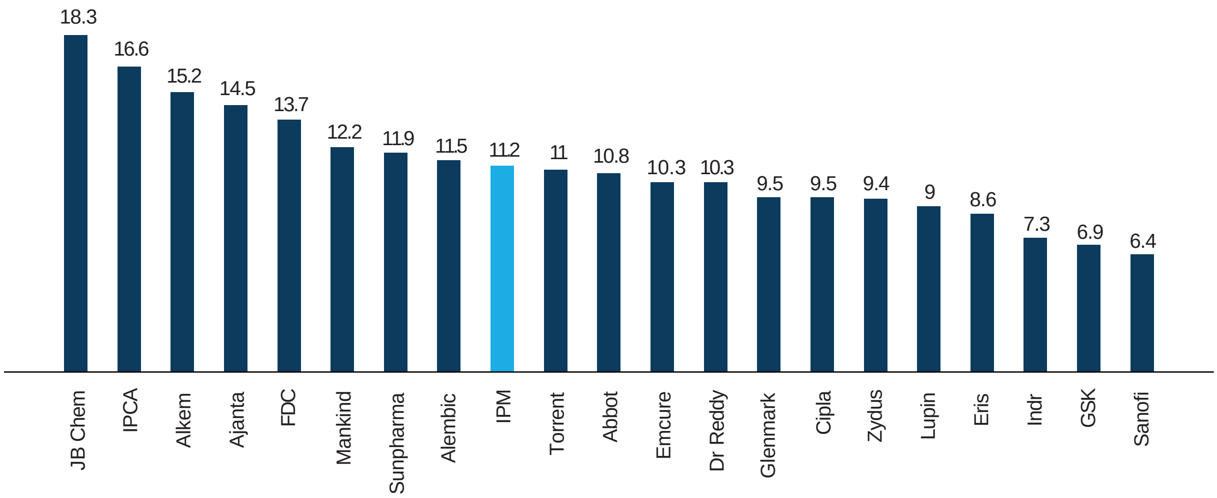
Volumes	UOM	2022	2023	2024
Volumes				
GSPC	mmscmd	15	11	11
GAIL	mmscmd	96.2	94.9	98.5
GAIL's Dom volumes	%	44	44	41
GAIL/GSPC	(x)	6.4	8.6	9
EBITDA Margin				
GSPC	US�/mmbtu	0.5	0.3	0.6
GAIL	US�/mmbtu	1.1	2.8	1.1
GSPC/GAIL	(x)	2.2	9.3	1.8

HEALTHCARE

Suven highlights mega trends benefiting Indian CDMO companies: Global turmoil is creating opportunities for Indian Contract Development and Manufacturing Organizations (CDMOs) as companies look to de-risk supply chains. European manufacturers are facing rising costs due to inflation and price-cutting policies, prompting enterprises to shift sourcing to Asia. The China+1 strategy is gaining momentum, with companies outsourcing late-stage molecules to India due to geopolitical, environmental, and regulatory concerns regarding China. Additionally, the U.S. Biosecure Act (set for 2032) will prohibit collaboration with Chinese biotech firms, further positioning India as a low-cost, attractive alternative for global sourcing and manufacturing.

Strategic acquisitions have been vital to the Vijaya diagnostics growth strategy. In December 2023, it acquired a 100% stake in PH Diagnostic Centre Private Limited, Pune's largest B 2C diagnostic chain, for ₹1.5 bn, marking its entry into the Western India market. This acquisition aligns with the company's vision of providing high-quality, affordable diagnostic services nationwide and enables expansion in a region with significant growth potential. Additionally, the proposed amalgamation with Medinova Diagnostic Services Limited aims to strengthen market position and create beneficial synergies. These strategic moves facilitate geographical expansion, enhance market share, improve operational efficiencies, broaden service offerings, and positively impact revenue and profitability, ultimately delivering greater value to shareholders.

India Formulation Sales (FY21-24 per SD,%)



Source: Industry, IIFL Research

SD: Secondary Data

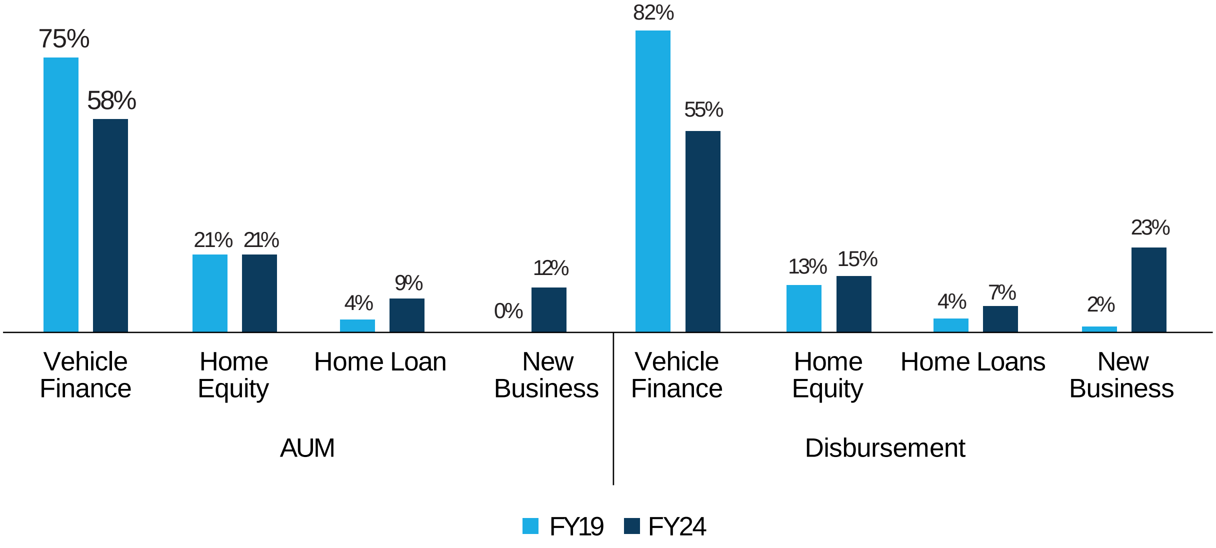
Bajaj Finance's Long-range plan and implied CAGR

Parameters	FY24	FY25	CAGR (%)
Customer Franchise (Mn)	84	130-140	13%
Cross-sell Franchise (Mn)	51	80-90	14%
India payments GMV	0.10%	1.25-1.50%	
Share of total credit	2.00%	3.00-3.25%	
Share of retail credit	2.50%	3.80-4.00%	
Location presence	4,145	5200-5500	7%
App –Net installs (Mn)	52.4	120-150	27%
Return on Equity	22.10%	20-22%	
AUM per cross sell franchise (Rs.)	65,146	90000-95000	9%
PAT per cross sell franchise (Rs.)	2,847	3800-3900	8%
Product Per Customer (PPC)	6.1	06-Jul	2%

Source : Company annual report

Chola diversifying away from Vehicle finance: With non-vehicle finance business growing faster than vehicle finance, vehicle finance share in AUM has dropped from 75% to 58% and disbursement share has dropped from 82% to 55%.

Segment-wise AUM and Disbursement share for Chola

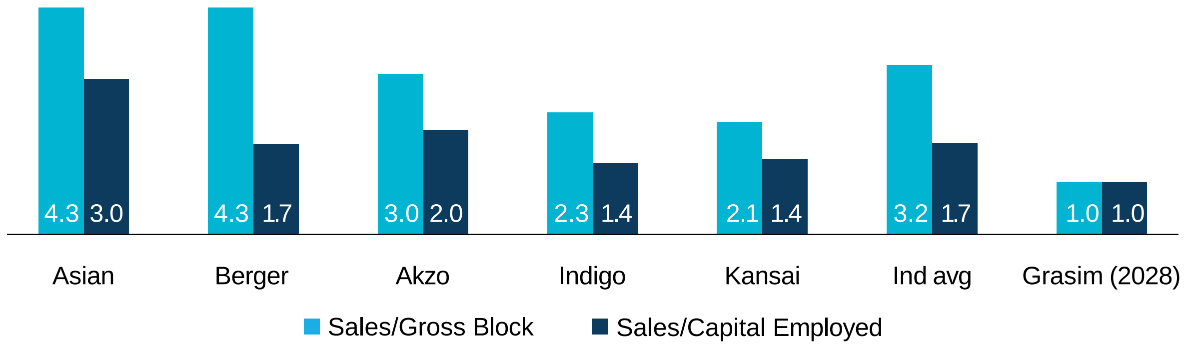


HOME BUILDING

Century ply believes India's wood panel sector is poised for 10x increase: Optimism in India's wood panel sector is high, with potential for a ten-fold growth and a 25% CAGR over the next decade, making it one of the fastest-growing sectors. India, as the world's second-largest agricultural economy and seventh-largest by land area, is well-positioned for plantation timber. Local saplings mature in just three years, offering a short payback period. Government support for plantation schemes promotes environmental benefits and supports rural livelihoods. With 97% of wood panel needs potentially met domestically, the sector may see reduced imports and increased exports, mirroring China's growth trajectory in the global market.

Grasim Industries plans to enter the Indian decorative paints market with its brand 'Birla Opus,' aiming to meet the growing demand for premium, high-quality products. The company targets a revenue of ₹100 bn for Birla Opus by FY28 . As of March 31 , 2024, Grasim has invested over ₹70 bn in its paints business, representing about 70% of the total planned capital outlay. The company has begun production at three state-of-the-art plants, with three more under construction, positioning it to become the second-largest player by capacity by FY25.

Grasim targeted Sales to Capex is at half the industry average



Rising competitive intensity in paints

Discounts and rebates for paints sector has gone up by 300 bps from FY20-24 reflective of rising competitive intensity.

% discount	FY20	FY21	FY22	FY23	FY24	CHG (FY19-24) BPS
Asian Paints	13.7	14.5	15.2	16	17.1	364
Berger	14.2	15.1	14.6	15.7	15.7	148.1
Kansai Nerolac	10	11	10.7	10.4	10.1	13.9
Akzo Nobel	15.7	15.7	15.8	16.4	18.3	263.6
Indigo	10.3	11.2	12.5	14.9	17.9	755.7
Overall Top-5 companies	13.3	14.2	14.5	15.2	16.1	275.3

Source: Company disclosures

INFORMATION TECHNOLOGY

infoedge

Info Edge has developed a strategic investment framework that leverages positive cash flows from its core business, Naukri, to invest in technology-driven startups led by committed entrepreneurs. Primarily focusing on the Indian startup ecosystem, Info Edge positions itself as a purely financial investor, diversifying risk across various business lines with the goal of long-term value creation. The company prioritizes early-stage investments, targeting Seed, Pre-Series A, or Series A funding rounds, and aims to be the first institutional investor in these ventures. Info Edge's investment philosophy emphasizes solving local problems through tech-led or tech-enabled solutions, with initial investments typically of small ticket sizes and a long-term holding period of 12-14 years.

Coforge

Coforge aims to achieve USD 2 billion in revenue by focusing on four key strategies. First, it plans to scale key accounts by expanding its top accounts and increasing wallet share through targeted mining, client services investments, and consulting-led delivery. Second, the company is looking to grow by adding new verticals such as Public Services, Retail, Hi-Tech, and Healthcare, while scaling its emerging verticals. Third, it will strengthen its partner ecosystem by deepening collaborations with firms like Salesforce, Microsoft, AWS, and ServiceNow, along with exploring new partnerships in automation and insurance. Lastly, Coforge plans to pursue strategic acquisitions to enhance its capabilities in areas like cybersecurity, data services, and cloud operations.

Tech Mahindra

Tech Mahindra's FY27 strategic roadmap

Goal FY27

Topline growth> peer average

15%
EBIT margins

30%+
ROCE

85%+
free cash flow

3 YEAR ROADMAP

FY25

Turnaround phase

- Anchor new organisation
- Invest in accounts, key markets & service lines
- Front-end integration of portfolio companies
- Turbocharge programme for key account growth
- Project fortius for cost optimisation

FY26

Stabilisation phase

- Continue the journey & investments
- Full integration of portfolio companies
- Project Fortius further progress on cost savings

FY27

Reaping returns

- Improve long-term structural mix & pyramid
- Continuous improvement in pyramid

INFRA & CAPITAL GOODS

CG power expects to incur Rs 75 bn on the OSAT capacity: The company received approval from the Government of India to set up an Outsourced Semiconductor Assembly and Test (OSAT) facility in Sanand, Gujarat, as a joint venture with Renesas Electronics Corporation and Stars Microelectronics. The facility, with a ₹76 bn investment over five years, will produce a range of semiconductor products from legacy to advanced packages, serving industries like automotive, consumer, industrial, and 5G. It aims to ramp up production to 15 million units per day. The project will receive capital subsidies and incentives, with the company holding a 92.34% equity stake in the joint venture.

Amber broadening its offerings into electronics and mobility, evolving from a core Room AC player: Amber Enterprises has strategically diversified beyond manufacturing room air-conditioners (RACs) into electronics and mobility. The company is now present in consumer durables, electronics manufacturing services (EMS), and railway sub-systems. Key initiatives include a JV with Resojet Pvt. Ltd. for advanced washing machines and expanded PCBA solutions for various sectors. A partnership with Korea Circuits enhances R&D and manufacturing capabilities for the growing domestic PCB market. In February 2024, Amber, via ILJIN, acquired 60% of Ascent Circuits for Rs3.1 bn, aiming to boost PCB manufacturing in India, aligning with the 'Make in India' initiative.

Titagarh highlights large opportunity for wagons and passenger coaches: The Indian Rail Freight Industry is set for major growth, with plans to increase annual freight from 1,400m to 3,000m tonnes by 2027, requiring an expanded wagon fleet from 336,900 to 500,000. Indian Railways aims to procure 90,000 wagons by 2025, its largest order ever. Passenger rail is also booming, with a projected investment of ₹4.75 tn over five years. Key projects include the Vande Bharat trains, Regional Rapid Transit System, and metro expansions to 1700 km across 27 cities by 2025. This growth offers significant opportunities for component suppliers and promises to transform India's urban transit landscape.

INSURANCE

Channel Salience of Life Insurers

Life insurers have continued to focus their investments in the agency channel, which remains a key area of growth. Additionally, competition is expected to intensify in lower-tier cities as insurers increase their presence and investments in these markets. This trend could pose challenges for LIC.

Banca Vs Agency Channel growth (Annualised Premium Equivalent (APE)

	CAGR	SBI	HDFCLife	Max	IPRU	Balic
Banca	FY19-22	12%	14%	13%	-12%	73%
Agency	FY19-22	10%	19%	8%	3%	7%
Banca	FY22-24	16%	24%	5%	-7%	28%
Agency	FY22-24	16%	35%	30%	20%	31%

PB Fintech categorizes Indian population into three distinct groups: the top 3-5% who have sufficient assets to handle emergencies, the bottom 70-75% who rely on government support due to financial limitations, and the middle 20-25% who are aspirational and capable of planning for their protection. This middle group, comprising 350-400 million people, seeks the best options for protection and credit. It is expected that this group will double in size over the next 8-10 years.

Quality of underwriting

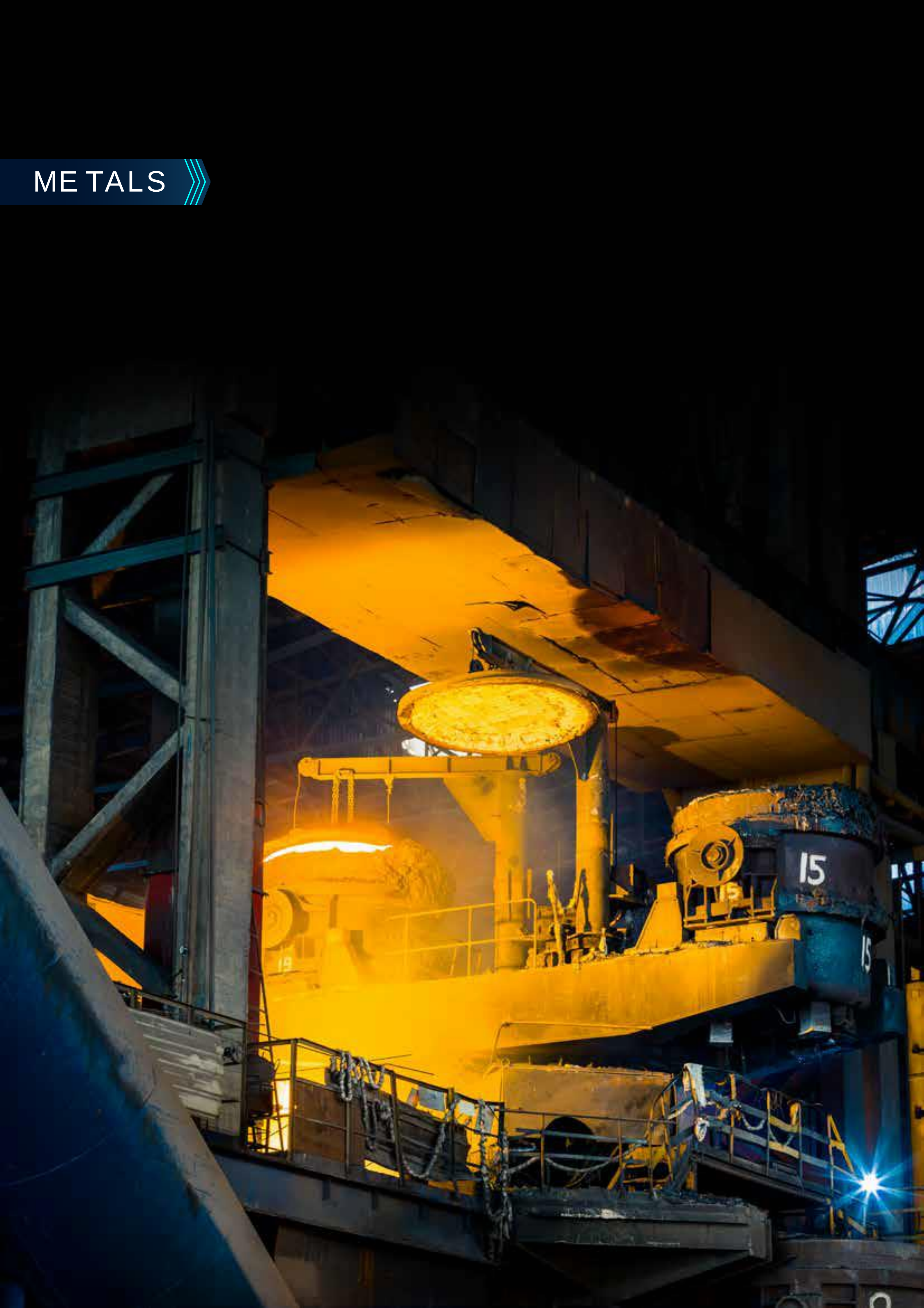
A good barometer to evaluate the quality of underwriting of Life insurers is to look at the operating variances as % of the opening EV. The more conservative the assumptions, lower the chances negative surprises.

Operating Variance + Assumption changes (%)

	FY20	FY21	FY22	FY23	FY24	FY24
HDFC Life	1.4	0.2	-0.5	-2.1	0.6	0.5
ICICI Pru	4.7	-0.2	1	-3.6	0	-0.8
Max Life	1.7	1.2	-2.6	-2.3	-0.4	-0.4
SBI Life	-0.1	3	2.4	1.4	1.5	1.5

Source: Company Disclosures
Note" Above table reflects operating variances + assumptions changes as % of Opening EV

METALS



Novelis increased the guidance for its expansion projects from �2.8 billion to �4. 9 billion, citing civil and structural issues. These expansions are on track, with key projects including a recycling and ingot casting center in Guthrie, Kentucky, expected by FY25, and a 100 K T recycling expansion in South Korea, which will reduce carbon emissions by 0.42 million tCO 2 annually. A state-of-the-art rolling and recycling plant in Bay Minette, USA, is also underway, providing a first-mover advantage. The Bay Minette facility will have an initial capacity of 600 K T, mainly serving the North American beverage packaging and automotive markets, with secured contracts from Ball Corporation, Coca-Cola, and Ardagh. The facility's capacity can be doubled in a cost and time-efficient manner.

Tata Steel's standalone operations have shouldered the burden to support its European business: Over the past five years, the standalone operations have generated a cash flow of Rs 472 billion, while advancing as much as Rs 593 billion to Tata Steel Europe, either directly or indirectly. This indicates that the standalone business is borrowing funds to sustain European operations and manage foreign exchange debt repayments.

Cashflows of Standalone Tata Steel

Rs bn	Cummulative- (FY20-24)
Net Cash from operating activities	1338
Interest Expenses	-194
Net cash from operating post interest	1144
Capex	-322
Free Cashflows	822
Investments in Subsidiaries	-350
Adjusted Free Cash	472

Source: Company Disclosures

Ratnamani upbeat on the prospects of new JV and subsidiaries: The strategic joint ventures with international majors have positioned the year as a significant milestone in the company's journey, pivotal to its global ambitions. The establishment of three new subsidiaries, including one proposed in Europe, reflects the company's commitment to exploring promising opportunities that aim to enhance its future, while another will facilitate entry into the nuclear power sector, a key focus for the government. The third subsidiary will bolster the company’s position in the oil and gas sector. These investments are expected to start generating returns within the next 12-18 months, propelling the company into a new phase of growth.

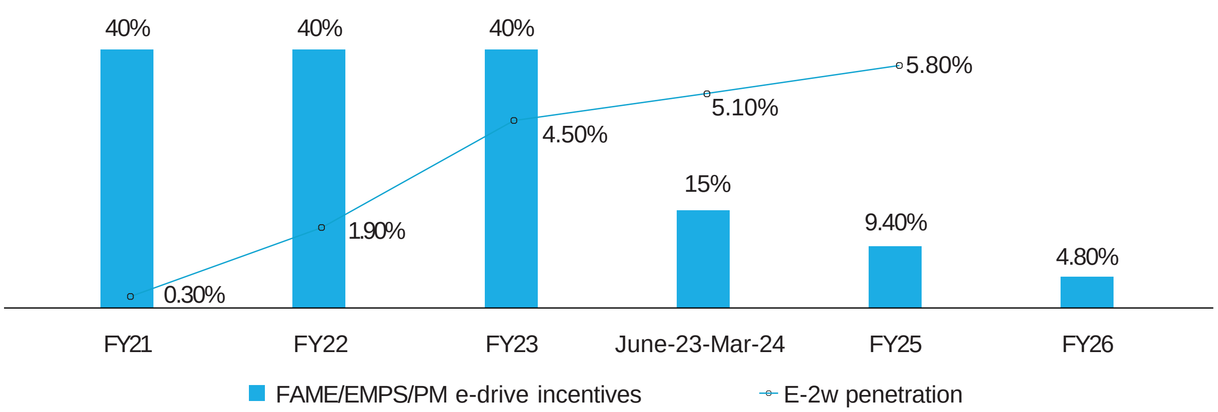
2 WHEELER OEMS

Bajaj's prognosis on entry level and premium segment: In FY24, the 100cc-110cc motorcycle segment, still dominant with 49% of domestic sales, grew 7%. Bajaj Auto's CT and Platina brands, which average 49,000 units per month, hold a 10% market share in this segment. Despite its popularity, this segment faces significant pricing pressures and margin constraints. Conversely, the 125cc and above segment, which grew 21 % in FY24 and now represents over 50% of total sales, is the fastest-growing market. Bajaj Auto, focusing on this segment with models like Pulsar, Dominar, and KTM, sold over 1.5 million units, capturing a 26% share.

Hero is driving innovation and growth through its 4S Mantra: Speed—launching a record number of products in one year, upgrading 400 stores in 400 days, and expanding its VIDA EV scooter to 100+ cities; Scale—leveraging its 116 million customer base and 7, 500 distribution points to dominate the market; Synergy—partnering with Harley-Davidson for premium products and Ather for EV charging infrastructure; and Simplification—streamlining processes, cutting down time by 90% in some areas. These strategies are propelling the company towards faster growth and success in a dynamic market.

T VS on 2W EV evolution: The EV industry retail on VAHAN reached 0.9 million units in FY24, a 32% increase from 0.71 million in FY23, with EV two-wheeler penetration averaging 5.4% and reaching 6.8 % in Q4. Government support through FAME II, Production-Linked Incentives (PLI), and state policies boosted growth. The introduction of FAME regulations enhanced industry quality and safety standards, shifting away from low-cost, low-quality products. However, a reduction in the FAME II subsidy from ₹15k/kWh to ₹10k/kWh in May 2023 led to a sales drop. The government will cease FAME subsidies in March 2024, introducing the EMPS scheme with a ₹5k/kWh benefit from April to July 2024.

PM e-drive incentive to be halved to Rs 5k/unit in FY26



Source: Ambit
Source : Company Annual Reports

POWER UTILITIES

NTPC's Role in Meeting India's Power Requirements: India is expected to see 6-7% annual growth in power demand over the next decade, which will require significant increases in both renewable energy (RE) and thermal power capacity. With peak demand projected to surpass 400 GW by FY32, an additional 80 GW of coal-based capacity will be needed, 28 GW of which is already under construction. The Ministry of New and Renewable Energy plans to issue 50 GW of RE bids annually from FY24-28, including 10 GW for wind power.

NTPC is expanding its capacity aggressively, adding approximately 26 GW of coal-based power, with 9.6 GW under construction and 15.2 GW in the tendering phase. The company is also developing around 11 GW of RE and hydro projects and aims to achieve 60 GW of RE capacity by FY26. For energy storage, NTPC is constructing 1 GW / 6 GWh of pumped storage, tendering for 3 GW / 18 GWh, and has 2 GW / 12 GWh of battery storage projects in the pipeline. Additionally, a 2.8 GW nuclear project is in the works, with approvals in the advanced stages.

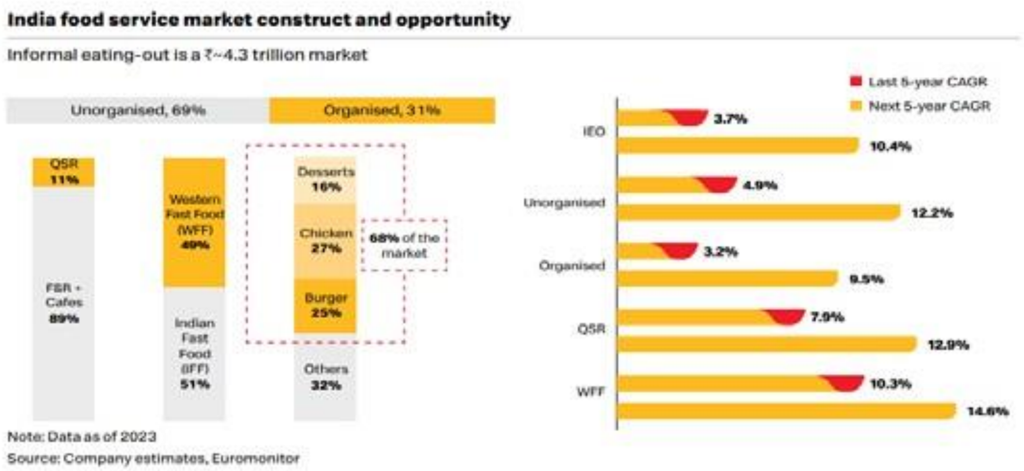
BHEL continues to dominate India's power sector, holding a 54% market share in installed thermal capacity, 57% in nuclear power (secondary side), and 44% in hydro power as of FY24. With the government targeting 280 GW of coal-based capacity by 2031-32, BHEL is well-positioned to benefit from the planned 80 GW of thermal capacity addition and increasing demand for emission control equipment. The plan to triple nuclear capacity from 8.1 GW to 24.3 GW by 2031-32 presents a significant 16.2 GW market opportunity. The hydroelectric sector also offers potential through Renovation & Modernization (R&M) and new installations. In FY24, BHEL secured orders for 12,480 MW, totaling ₹556 billion, with an unexecuted order book of ₹1.2 trillion, underscoring a substantial market potential.

Adani Green on global and domestic RE opportunity 2023, the global renewable energy sector experienced unprecedented growth, with capacity additions rising by ~50% to 510 GW, marking the fastest expansion in two decades. This trend is expected to continue, with capacity projected to reach 7,300 GW by 2028. However, to achieve the COP28 target of tripling capacity to 1,000 GW by 2030, an annual investment of USD 2 trillion will be required. In India, renewable energy plays a pivotal role in addressing rising energy demands, driven by affordability and government decarbonisation initiatives, with a focus on reaching 500 GW of non-fossil fuel capacity by 2030. Strengthening the supply chain, improving transmission networks, advancing storage solutions, and mobilising capital will be key to achieving this target.

RETAIL

Jubilant Group (JFL) is positioned to serve approximately 22% of the world's population through its strategic market selection and curated cuisine segments, including pizza, chicken, coffee, and Indo-Chinese. Leveraging a portfolio of franchised and own-brands, JFL enjoys competitive advantages in emerging markets. The integration of Domino's India and Turkey, both established in 1996, further strengthens the group's global standing, with nearly 2,800 stores across territories. India and Turkey lead in profitability, while Bangladesh, Azerbaijan, Georgia, and Sri Lanka demonstrate strong growth potential. JFL aims to expand Domino's network to over 5, 500 stores, capitalizing on substantial growth opportunities while benefiting all stakeholders through a complementary corporate and franchise business model.

Western Fast Food is the fastest growing segment in Indian



Sapphire foods 7-matra's to drive success and scale in Food

WHITE GOODS

Havells has strategically invested in long-term growth drivers to ensure sustainable growth with operating leverage. It transitioned from a single brand to a 'house of brands', catering to diverse consumers and leveraging premium advertising platforms. The omnichannel strategy expanded its reach in modern retail and e-commerce, supported by the Rural Vistaar programme to boost retail presence in smaller towns. Significant investments in digitization have enhanced internal efficiencies and the ease of working across the value chain. The company also focused on in-house manufacturing capacity expansion, particularly in southern regions, aligning with ESG goals and enhancing global competitiveness through product development and cost efficiencies. Investments in human capital aimed at nurturing talent and supporting new strategic additions, while international expansion involved forming a JV in the U.S. for air conditioners and exploring further geographical partnerships.

Polycab is guarded on margin outlook: Polycab's EBITDA margin rose by 70 bps year-over-year to 14% in F Y2024, driven by a superior business/product mix, operating leverage, and strategic improvements in gross margin. However, future margins would be a function of (1) an adverse product/geography mix, with faster growth in cables compared to wires and slower international growth compared to domestic, (2) higher brand spending, with A&P expenditures at 3.7% of B2C topline in FY24 and planned to remain between 3-5%, and (3) lower capacity utilization, as current levels of 70-80% may drop with capacity expansion. Polycab maintains long-term EBITDA margin guidance for C&W at 11-13%.

For Eureka Forbes' service business (36% of revenues), a key focus area in the second phase of its transformation: The company has significantly enhanced its service capacity by expanding its service network and infrastructure. This has resulted in (1) a notable improvement in 24-hour complaint closure turnaround time, (2) over 70% of complaints being attended to within one hour, and (3) the highest-ever customer NPS. Additionally, there has been a ~33% reduction in quality-related complaints compared to the start of the year.

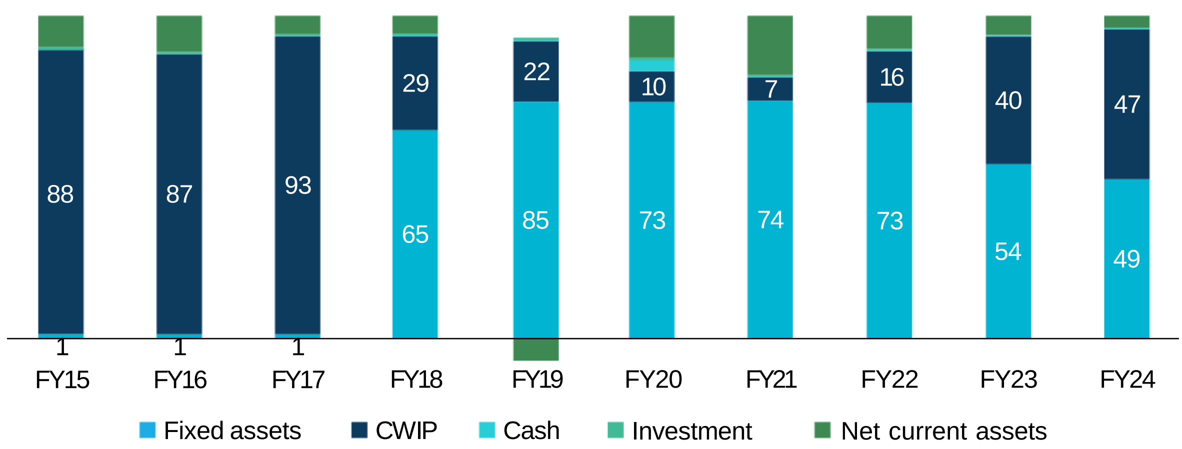
MISCELLANEOUS

Bharti to double data center capacity in 3-5 years: Nxtra, a subdiary of Bharti Airtel, is central to digital transformation in India, operating the largest network of 120+ intelligent and sustainable data centers across 65+ cities. The company serves over 450 customers, including government departments, enterprises, hyperscalers, OT T platforms, and CDNs, with a current power capacity of 190 MW. Nxtra plans to expand this capacity more than 2X to over 400 MW in the next 3 to 5 years, focusing on hyperscale and enterprise data centers in key metro cities and tier 2 and 3 cities.

Capital work in progress is 47% of Reliance JIO Comm's Balance sheet

Jio Info Comm's fixed assets increased by approximately US$6 billion, reaching US$61 billion by March 2024. Around US$5 billion was directed to Capital Work in Progress (CWIP), which rose to US$24. 8 billion, largely due to recently acquired spectrum. The company's depreciation rate increased by 0.4 percentage points year-on-year to 7. 3%, surpassing Vodafone Idea but still below Bharti Airtel. As Jio's depreciation is based on an 'expected pattern of consumption' rather than the straight-line method, this rate may continue to rise with the completion of its 5G rollout and the focus shifting to monetization. Jio Info's pre-tax ROCE fell 60bps YoY to 7.5%.

JIO Infocomm's Balance Sheet composition



Coromandel updates on its new growth vectors: Coromandel has entered the CDMO business, leveraging its expertise in complex chemistries like Dithiocarbamates and Organophosphates to support global innovators in novel molecule and intermediate manufacturing. In Specialty Chemicals, it is starting a new unit utilizing fertilizer by-products to create innovative products. Coromandel increased its stake in Dhaksha Unmanned Systems to 58 %, with Dhaksha specializing in agricultural and defense drones, including petrol-engine models. In Agtech, Coromandel invested in startups like Ecozen and XMachines, the latter focusing on autonomous robots for tasks like seeding and spraying, promoting sustainable and efficient farming practices.

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