DSP MUTUAL FUND

RELIANCE INDUSTRIES

ADANI

BHARTI

HDFC

BAJAJ

CHOLA

SBI CARDS

TCS

INFOSYS

WIPRO

TECH MAHINDRA

ANNUAL REPORT NECTAR

FY23

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

Disclaimer Regarding Forward-Looking Statements This content contains forecasts, projections, goals, plans, and other forward-looking statements regarding Company's financial results and other data provided from time to time through AGM/ conference calls transcript, webcasts, presentations, investor conferences, newsletters and similar events and communications. Such forward-looking statements are based on the Company's assumptions, estimates, outlook, and other judgments made in light of information available at the time of preparation of such statements and involve both known and unknown risks and uncertainties. Accordingly, plans, goals, and other statements may not be realized as described, and actual financial results, success/failure or progress of development, and other projections may differ materially from those presented herein. Even when subsequent changes in conditions or other circumstances make it preferable to update or revise forecasts, plans, or other forward-looking statements, the Company disclaims any obligation to update or revise this content.

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.

COMPILATION FROM OVER 20+ SECTORS

AGRI AUTO ANCS AUTO BANKS CEMENT CHEMICAL ENERGY

FMCG GAS PHARMA NBFCS NBFCS IT INFRA

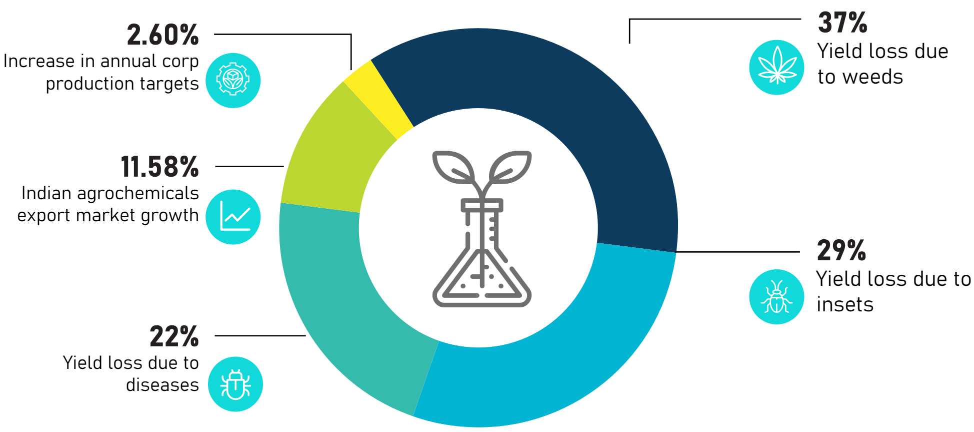
INSURANCE METALS UTILITIES RETAIL 2W DURABLES MISC

AGRICULTURE

COROMANDEL'S next growth unlock: The company is embarking on a multi-faceted growth journey. This includes venturing into agri-inputs and other new sectors, such as Contract development and manufacturing organisation (CDMO). To enhance competitiveness, Coromandel is bolstering backward integration by investing in projects like the rock phosphate initiative and sulphuric acid plants. Strategic expansion through acquisitions in targeted sectors is also on the agenda. Additionally, the company is capitalizing on emerging technologies by investing in start-ups focused on areas like farm robotics, drones, and biotechnology. Nurturing internal talent and cultivating future leaders are priorities, alongside data-driven decision-making facilitated by IT initiatives. Centers of excellence are being established to promote in-house best practices, while continuous R&D endeavours are being pursued to maintain a distinct market edge

PI ramping up its R&D efforts: Over FY21-23, R&D investments at PI have surged, with its R&D team nearly doubling to 473 scientists in FY23 (from 334 in FY22), notably in ag-chem, electronic chemicals, and specialty polymers. About 25% of its pipeline comprises of non-chemical offerings. PI achieved breakthroughs in new electronic chemicals, primed for medium-term release. Advancements in process innovations at kilo lab and pilot-plant stages have bolstered large-scale production efficiency. With 40+ products in various development stages and 14 existing products undergoing lifecycle management in FY23, PI displayed robust R&D activity. Patent filing is on a steady rise, aggregating to 147 in FY23 (filed 15 in FY23 vs. 30+ YoY)

Agrochemical Industry in India (Key Statistics)



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

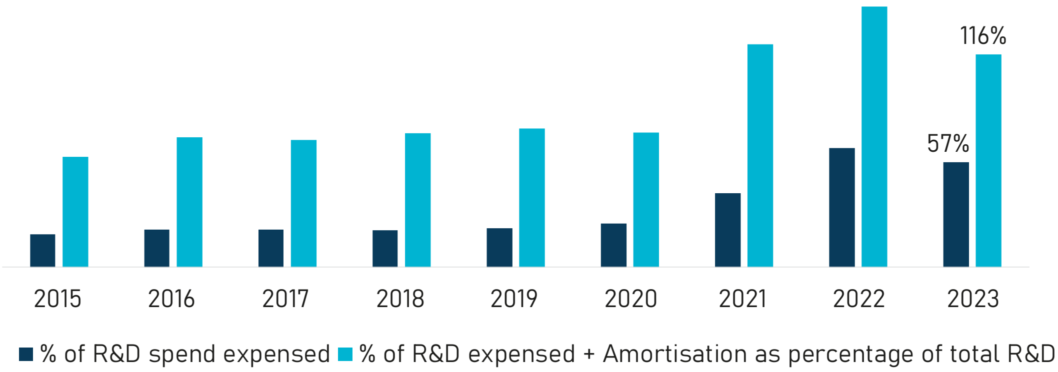
BHARAT FORGE aims to be a dependable internal combustion engine (ICE) supplier despite the proliferation of electric vehicles (EVs): The passenger vehicle industry is witnessing a trend of Original Equipment Manufacturers (OEM) seeking reliable suppliers to ensure a secure supply chain. Bharat Forge intends to enhance its dependability with OEMs and expand its market share through its engineering capabilities. While the shift to electrification is ongoing, Bharat Forge plans to maintain a strong position in the ICE sector. The company expects the ICE segment to remain profitable in the coming years, as minimal capacity expansion will lead OEMs to prioritize established suppliers.

APOLLO TYRES highlights tire innovation developed for electric vehicles: These EV tires, designed for reduced noise, enhanced comfort, and low rolling resistance, cater to the growing EV market. The tires incorporate innovations such as a tread cap compound to generate less heat, an optimized cavity contour to minimize energy loss and aerodynamic drag, and low noise technology with an optimized tread pattern. The company prioritizes improving wet grip with wide grooves and silica-reinforced compounds. Furthermore, a unique tread compound balances traction and abrasion for increased mileage and reduced particulate emissions, effectively addressing EV-related challenges.

EXIDE building capabilities in lithium-ion batteries: a wholly owned subsidiary of Exide, Exide Energy Private Limited (Nexcharge), is engaged in the production of lithium-ion packs and modules. Nexcharge, which commenced commercial operations last year, recorded a substantial order inflow. Exide is actively in the process of establishing a 12 GWh lithium-ion cell manufacturing facility under the umbrella of Exide Energy Solutions Limited. There is a proposed investment of Rs 60 billion over the subsequent 8-10 years to facilitate the construction of the lithium-ion cell manufacturing facility, which is progressing steadily. The first phase of the project is anticipated to conclude by the culmination of the following year. A multi-year technical collaboration agreement has also been forged with SVOLT Energy Technology Co., Limited, a global high-tech enterprise specializing in vehicle batteries and energy storage systems.

MARUTI shifts its stand on SUVs and EV: : In FY22, Maruti dispelled the notion of a transition from hatchbacks to SUVs, asserting that the entry-level market was contracting due to affordability constraints, with a simultaneous surge in higher-segment vehicle purchases among the more affluent. However, in their FY23 annual report, Maruti admitted to the ongoing absence of demand recovery for smaller entry-level cars, prompting adjustments to production facilities to align with this reality. They anticipate sluggish growth, less than 2%, in the small car market, where they hold a significant share. In their FY21 annual report on EVs, Maruti acknowledged obstacles like low per capita income, a strong small-car preference, high EV costs, and limited infrastructure, projecting a modest 5% EV penetration. In FY23, they unveiled an ambitious shift, planning to debut their first EV in FY24-25 and envisioning six EV models by FY30-31, aiming for a 15-20% share of EV sales.

Quality of earnings of TATA MOTOR (JLR) has improved as large proportion of R&D spends is being expensed



M&M shares progress on its capital allocation journey

CAPITAL ALLOCATION

* FY23 PAT is for continuing operations and does not include any losses of exited entities. It excludes hyperinflation accounting impact of INR 120 Cr for Turkish operations^ International Auto & Farm operations; PAT After NCI, before EI

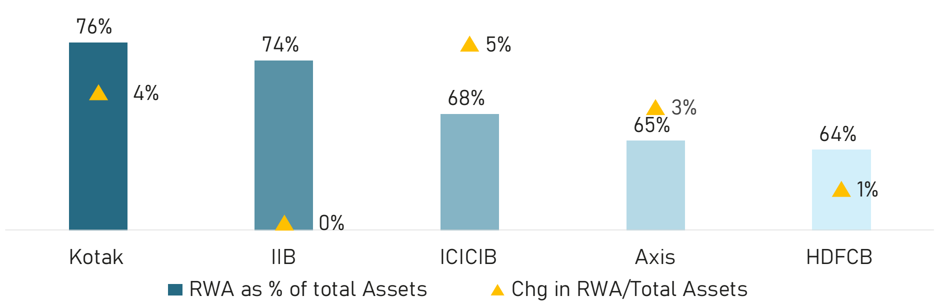
BANKS

KOTAK BANK'S talent strategy has transformed. While traditionally favoring internal promotions, since gaining a banking license in 2003, Kotak bank has blended external experienced bankers with their non-banking team. Adapting to industry changes, they're now benchmarking and attracting both internal and external talent. New hires include a CTO, Chief of Customer Experience, Head of Brand, Product, Marketing, and Chief of Retail & Commercial Risk. Despite external hires, Kotak emphasizes nurturing internal talent to meet banking's evolving demands.

AXIS BANK'S acquisition of Citibank's India Consumer Business is now complete, bolstering its credit card market share by 450 basis points to 16.3% and elevating its CASA ratio by over 100 basis points, thereby fortifying its liability franchise. The integration of 3,200 Citibank employees into Axis's structure proceeds as planned, receiving positive feedback from Citibank clientele. Axis Bank has initiated the onboarding of 'Suvidha' salary accounts in regions previously untouched by Citibank's presence. Although the acquired Citi business entails heightened operational costs, it promises improved return ratios, harmonizing with Axis Bank's ROE objectives. A list of over 60 synergy initiatives has been identified to drive revenue and cost efficiencies

Increased Risk Weighted Asset (RWA) to Asset ratio drives improved margins for ICICI BANK; Asset quality remains consistent. In the fiscal year 2023, ICICI Bank experienced a noteworthy 500 basis points Year-over-Year surge in RWA-to-Asset ratio, reaching 68%. This rise exceeded that of the majority of its peers. Notably, the credit rating profile of corporate loans remained steady. The bank witnessed a higher growth rate in loans compared to investments (19% versus 17%). Additionally, the increased expansion in unsecured retail and SME loans contributed to the elevation in risk-weights

RWA to Total Assets



Source : Company disclosures

CEMENT

ULTRATECH has concluded its phase-1 capacity expansion and is commencing phase-2. With a 8/10% annual growth rate over the past 5/10 years through organic and inorganic means, UTCEM added 12.4 million tons of Cement Capacity in FY23, achieving a domestic grey capacity of 132 million tons by July-23. The company is now initiating its next growth phase of 22.6 million tons, aiming to reach a capacity exceeding 160 million tons. Annual Report indicates active civil construction at multiple sites, with commercial production from these new capacities expected in FY25/FY26. UTCEM has also hinted at an upcoming phase-3 expansion targeting 200 mt by FY30. The company's robust Balance Sheet, with a healthy 0.3x FY23 Net Debt/EBITDA ratio, provides ample room for further growth.

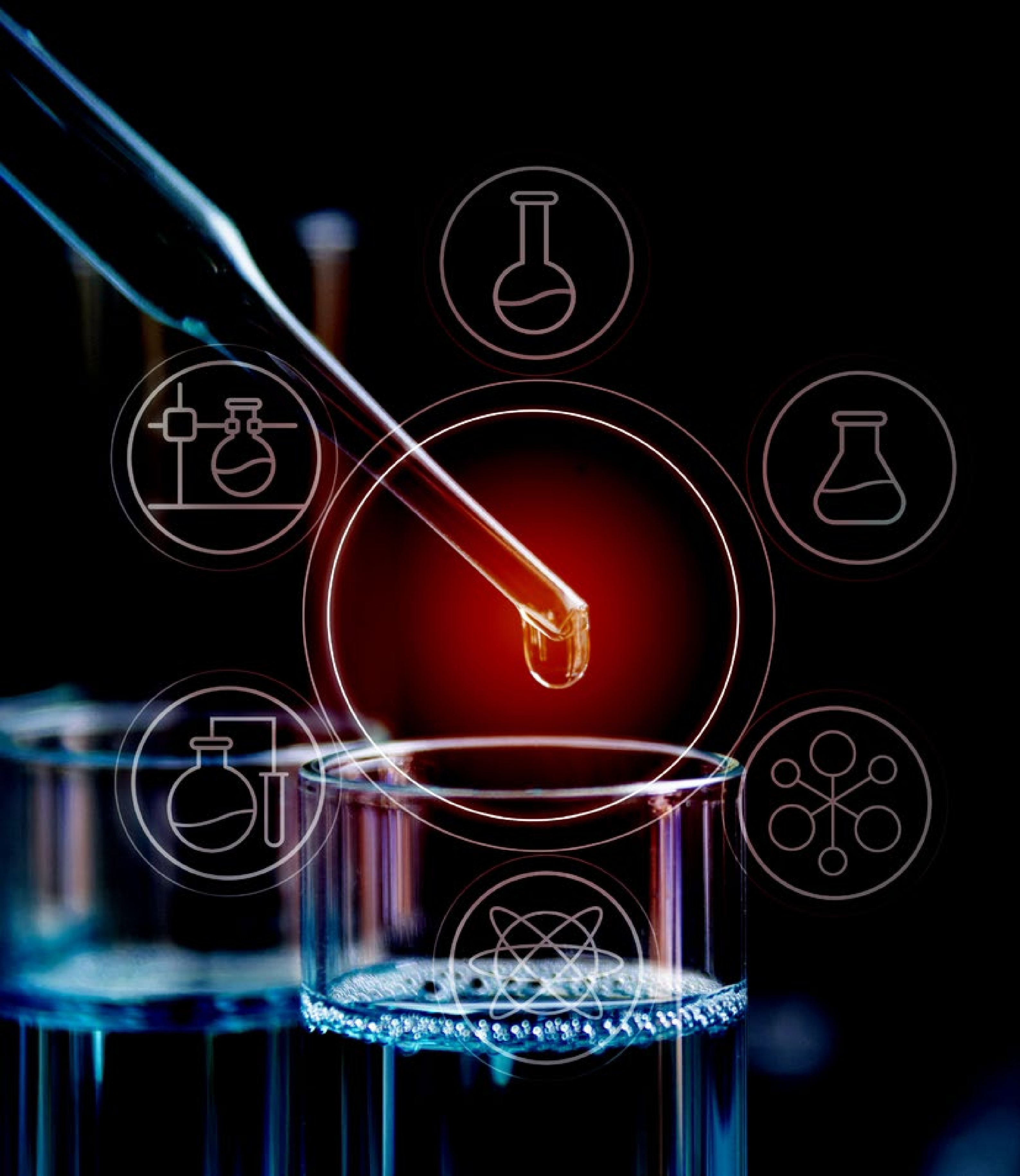
DALMIA CEMENT is striving to become a pan-India pure play cement company. To achieve this vision, it is focusing on divesting non-core businesses and allocating expansion efforts solely to the cement business. Key steps taken include cement capacity expansion, a definitive framework agreement with Jaypee group for acquiring its cement business, and divestment of non-core refractory business. Moving forward, the company will prioritize expanding the cement business in existing and new geographies like Central & North while divesting from IEX and refractory business.

ACC & AMBUJA aspire to become the most profitable cement manufacturer in the country. Their focus is on margin expansion, aiming for cost savings of around INR 500 per tonne on EBITDA across operations. Recent cost-saving initiatives include optimizing the warehouse network by approximately 20%, resulting in consolidated savings of INR 400 million in rent. They have also initiated the UDAAAN project for logistics cost rationalization to unlock group synergies and leverage technology..

Growth Aspirations

mmta	FY23	Target Capacity	Target Year	CAGR
Ultratech	130	200	FY29/30	6%
ACC+Ambuja	68	140	FY28	11%
Shree	46	80	FY30	8%
Dalmia	39	110 -130	FY30	17%
JK Cement	21	25	FY25	3%
JK Laxmi	14	30	FY30	12%
Birla Corp	20	30	FY30	6%

CHEMICALS



LINDE India's recent achievement in securing a PED order in the US marks a significant shift from its previous focus on local markets. Linde India successfully secured an export order to supply a 300 TPD capacity N2 liquefier cold box for LG's project in MIMS, Florida. This victory, achieved in the face of competition from Linde China, is expected to pave the way for similar opportunities in the USA and European markets. Linde India has order backlog of US$200 mn whereas Linde PLC boasts an orderbook of US$3.5 billion.

UPL undertook business realignment during FY23 resulting in creation of 4 pure-play platforms – (1) International Crop Protection; (2) India Crop Protection; (3) Global Seeds; (4) Specialty Chemicals. Creation of distinct business platforms shall enable the company to streamline its operations leading to better capital allocation and use of resources and help in unlocking value for each of these platforms. Company's current product pipeline consist of 25 molecules and 16 new solution platforms with peak sales potential of ~USD 8.5bn of which it expects to realize ~USD 2.5bn by 2027 reaching an innovation turnover rate of ~24%. Company plans on enhancing its differentiated and sustainable portfolio offerings and targets to achieve.

NEOGEN CHEMICAL on Lithium-Ion opportunity in India: In India, the lithium-ion battery market has shifted from consumer electronics to being propelled by EV adoption and renewable energy storage, targeting 160 GWh demand by 2030. Over 10 companies are establishing Giga factories with a collective 150+ GWh annual cell production by 2030. The government's Rs. 18,000 Crore PLI Scheme supports 50 GWh production, requiring 60% India value addition. With global demand projected at >3,000 GWh by 2030, India's growth also offers an export opportunity for Lithium-Ion Battery Cell materials

Key segments driving growth in Lithium-Ion Battery market

Smartphone industry is expected to reach USD 281 billion by 2028, driven by widespread availability of interest

→

About 11,80,903 EVs were sold in FY 22-23.Faster adoption of EVs would lead to increased adoption of lithium-Ion batteries

→

Expanding polulation and rising discretionary income would lead to higer sales of consumer electronics, eventually boosting the lithium battery market.

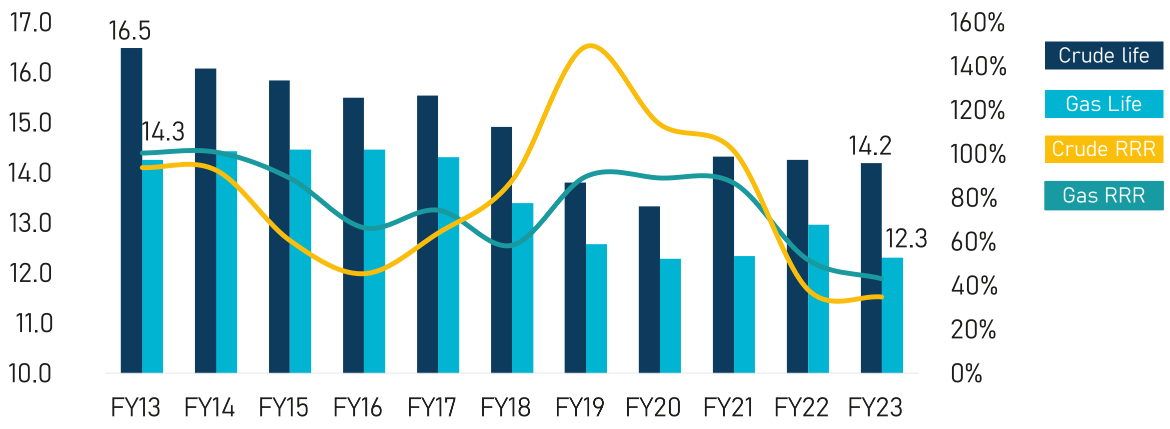
Source: EV reporter, Reserch & Markets Reports, Mordor Intelligence, CEEW Press release, Live Mint News Release

Source: Neogen Chemical

ENERGY

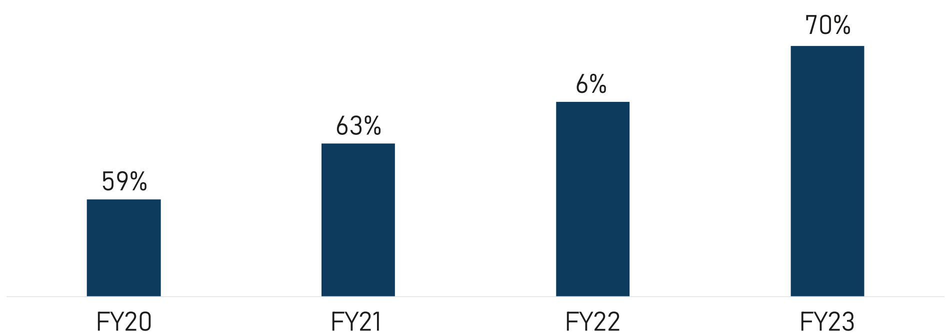
ONGC's Reserve Replacement Ratio (RRR) is declining sharply. The reserve life, which represents the number of years for which reserves would last based on existing production levels, has decreased by 2 years over the past decade, both for oil and gas. This decline is due to the company's reserve accretion not keeping pace with production. Recently, the RRR (3-year rolling) has sharply dipped below 50%. At this rate of decline, the reserve life could decrease significantly over the next few years

Reserve Life and Reserve replacement ratio (RRR) (based on proved reserve)



Quality of coal supplied by COAL INDIA continues to improve: During the fiscal year 22-23, efforts to improve the quality of coal supply showed positive results, with grade conformity increasing from 66% in FY 21-22 to 70%. Third-party sample analysis confirmed this improvement. All consumers of CIL now have the option to assess the quality of supplies through independent agencies. Given the quality maintenance measures, the gap between declared and analyzed GCV of coal was only 3 Kcal/kg, well within an acceptable range.

Grade conformity* of Coal India



FMCG

HINDUSTAN UNILEVER (HUL) justifies its royalty increase to Unilever with four key arguments: First, the rate hike followed a comprehensive evaluation to ensure fairness and sustain vital support for innovation and success. Second, royalties are applied selectively, encompassing Unilever-owned brands, excluding specific ones like Horlicks, Indulekha, and Kissan for trademark royalties, and excluding Health Food Drinks and Indulekha for technology royalties, with central service fees applied to total turnover. Third, the 5-year contract adheres to industry norms, allowing flexibility and shareholder review. Lastly, HUL remains confident in achieving medium to long-term double-digit EPS growth despite the rate hike, preserving its ability to reinvest in the business.

COLGATE, the most penetrated FMCG brand in India, has a significant presence, reaching 9 out of 10 households and 1.7 million active stores each quarter. The company highlights the lower toothpaste consumption in India compared to the Philippines (1.8x) and Brazil (3x). Their survey shows that 20% of urban consumers brush twice daily, while 55% of rural households do not brush daily, presenting opportunities to drive consumption. Additionally, the company aims to strengthen its personal care portfolio by leveraging the popularity of the Palmolive brand.

DABUR portfolio mix: Dabur India portfolio constitutes 23 brands, with sales of INR 1bn or more. In the fiscal year 2023, five brands joined this club, resulting in 17 brands with revenues ranging from INR 1bn to 5bn, two brands with revenues ranging from INR 5bn to 10bn, and four brands with turnover exceeding INR 10bn. The company has achieved a market share gain across 90% of its portfolio

Difficulty of scaling a consumer brand

Creating consumer brands in India is challenging, as evidenced by Hindustan Unilever's power brands portfolio. The company operates in 16 FMCG categories and leads in 85% of them. It has 2 brands > Rs 50 bn, 9 brands > Rs 20 bn, and 8 brands > Rs 10 bn. The company also highlights that their market development initiatives have contributed Rs 100 bn to revenue, from a portfolio which didn't exist a decade ago.

GAS UTILITIES

ADANI GAS justifies seemingly unrelated diversification in EV charging: Adani Total Energies E-mobility Limited (ATEL), an ATGL subsidiary, harmonizes with existing gas distribution while aligning with a greener future. It extends the CNG business and infrastructure, now accommodating EV charging, creating a versatile multi-option solution. ATEL's unified setup integrates natural gas, compressed biogas, and electric charging, evolving stations into community hubs. By offering three fuels, ATEL becomes a comprehensive "fuel supermarket" and solutions provider, focusing on customer needs. The Indian government's supportive policies enable the growth of distributed EV charging, positioning ATEL at the forefront of the mobility sector's scalable opportunities.

GAIL's prognosis on global liquified natural gas markets: The surge in LNG purchases by Europe tightened the market and reduced demand in developing Asian nations. This impacted LNG contracting behaviors, reviving longer-duration contracts. The EU's efforts to lessen reliance on Russian gas make the resumption of Russia-Europe gas supply unlikely. In this context, Russia seeks to boost gas sales to non-European countries via options like Asian pipelines, LNG exports, and intermediary exports as Turkey.

STAKE HOLDERS IN EV CHARGING SEGMENT

Role of various stakeholders and its policies in EV charging segment in India

The Ministry of Power: Issued Charging Infrastructure Guidelines and Standards for public chrging infrastructure; it clarified that EV charging did not require licensing under the Electricity Act 2023

Central Electricity Authority Responsble for defining technical standards and regulations for EV charging

State Electrical Regulatory Commission: Set EV tariff and other regulations concerning electricity supply for EV charging

Ministry of Housing and Urban Affairs: Amended Model Building Byelaws (MBBL) 2016 ensure that charging infrastructure is provided for EVs at 20% of all vehicle holding capacity'/' parking capacity' at the premises.

Urban Development Departments: Responsibile for amendments to building byelaws and other urban planning frameworks suggested by MoHU

Bureau of Indian Standards: Laid down EV charging standards.

Bureau of Energy Efficiency: Central nodal agency for therollout of EV public charging infrastructure implementation across the country.

Department of Heavy Industry: Involvedin the implementation of public charging, responsible for administering the FAME-II scheme.

DISCOMs and urban local bodies: Responsible for planning, permissions, approvals, certifications and connections for EV charging infrasttucture.

Source : Company annual report

HEALTHCARE

AUROBINDO provides updates on the Penicillin G project: The company capitalized on the Indian government's Production-Linked Incentive (PLI) scheme to construct a Penicillin-G manufacturing facility with a 15,000 tonnes/annum capacity. The project progress is on track, with US$91 million spent in FY23 taking the total cumulative spend to US$ 121 mn. Aurobindo had highlighted in the previous annual report a total outlay of US$240 mn on the project. Commercial production is expected to begin in FY24, enhancing supply chain reliability and reducing dependence on external sources. Shipments are anticipated to commence in April 2024, bolstering the company's market position. The project has implications for the domestic pharma industry as it significantly reduces the dependance on China for Penicillin G.

Dr Reddy's (DRRD) restructuring India portfolio The company is presently in the process of restructuring its portfolio, divesting from non-core therapeutic areas such as derma and anti-infectives and concentrating on bolstering brands within core therapeutic areas like oncology and cardiology. Notably, DRRD acquired the Indian rights for Cidmus from Novartis for Rs 4.6 billion during the year. Looking ahead, DRRD aims to construct a pipeline of distinct products in relevant therapeutic sectors, including biosimilars, while simultaneously expanding its presence in the OTC and nutraceutical segments.

SUN PHARMA highlights progress on specialty business: From FY18 to FY23, the global specialty business contribution increased from 7% to 16% of consolidated revenues. The company focused on opthalmology, dermatology, and onco-dermatology. Segment revenue grew by 29% YoY to $871 million, with Illumya accounting for over 50% at $477 million (up 51% YoY). Other key products in the segment include Winlevi, Cequa, Odomzo, Levulan, Kerastick + BLU-U. The acquisition of Concert Pharma added deuruxolitinib with completed phase three trials. Sun pharma has a pipeline of 5 molecules which are undergoing clinical trials.

Specialty pipeline of Sun Pharma

Molecule/Asset	Indication	Route of Administration	Mechanism of Action	Pre-clinical	Phase-1	Phase-2	Phase-3	Registration
CTP-543 (deuruxolitinib)	Alopecia Areata	Oral	JAK Inhibitor					
Ilumya (tildrakizumab)	Psoriatic Arthritis	Injection	IL-23 Antagonist					
MM-II	Pain in osteoarthritis	Injection	Liposomal intra -articular lubrication					
SCD-044	Psoriasis, Atopic Dermatitis	Oral	Selective SIPR1 Agonist					
GL0034	Type 2 Diabetes	Injection	GLP-1R Agonist					

HFCs & NBFCs

POWER FINANCE CORPORATION on diversification in infrastructure and logistics: Effective August 25, 2022, PFC received Ministry of Power authorization to expand lending support to the infrastructure and logistics sector, facilitated by a Memorandum of Association update. This strategic progression aims to gradually bolster this sector as the power industry evolves, creating a complementary business line. PFC has already funded projects spanning healthcare, sea water desalination, petrochemicals, optic fibre networks, roads, ports, and metro rail systems. Notably, projects predominantly originate from the government sector. PFC is focused on enhancing appraisal and monitoring capabilities to support this new funding arena.

SBI Card's Lending Profit & Loss at a Cyclical Low: A division of SBI Card's Profit & Loss into Lending and Spending segments (based on appropriate assumptions) unveils intriguing insights. The Lending Profit & Loss has rebounded from COVID lows; however, it remains well below its peak. Meanwhile, the Spending Profit & Loss seems to be at mid-cycle with significant potential for margin improvement

Rs bn	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Spends	434	765	1,033	1,309	1,224	1,864	2,625
Avg Advances	100	120	160	204	231	268	348
Lending PBT	7	9	6	10	3	10	15
Spending PBT	-2	1	7	7	10	12	15
Lending PBT/Spends	7.50%	7.10%	4.00%	5.10%	1.50%	3.80%	4.40%
Spending PBT/Spends	-0.40%	0.10%	0.70%	0.50%	0.80%	0.60%	0.60%

CHOLAMANDALAM updates on newly incorporated businesses: Consumer and Small Enterprise Loan (CSEL), Secured Business and Personal, and Secured and Medium Enterprise Loans have a combined AUM and disbursements of Rs 95 bn and Rs 137 bn, accounting for 9% and 21% of the company's AUM and disbursements. Gross stage 3 assets for CSEL and SME are at 0.6/0.8% respectively. However, the ROA remains well below the company average due to the businesses still being subscale.

Updates on new business of Cholamandalam

New Business (Rs bn)	F Y22	F Y23	Yo Y (%)
Disbursement	26.2	137	5.2x
AUM	16.4	95.2	5.8x
PBT*	-0.4	0.5	
PBT-ROA (%)*	-2.50%	0.50%	
Gross Stage-3			
CSEL	0.6		
SME	0.8		

* Based on segmental disclosures

Source : Company annual report

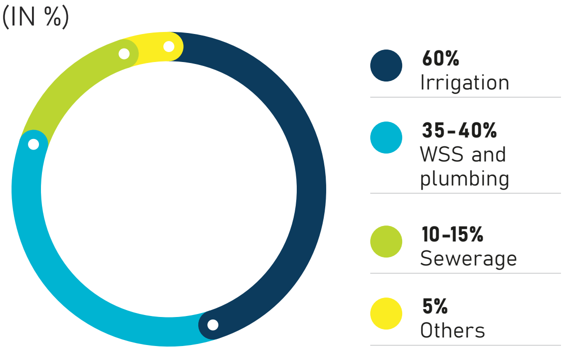
HOME BUILDING

ASIAN PAINTS has embarked on capex of Rs 87 bn over the next three years (more than cumulative capex of the last 11 yrs), focusing on capacity enhancements and critical backward integration to meet growing paint demand, expand home décor offerings, and secure a strong position in the coatings business. The company plans to set up up Vinyl Acetate Ethylene Emulsion (VAE) and Vinyl Acetate Monomer (VAM) manufacturing facilities, enter white cement manufacturing through a UAE joint venture, and expand manufacturing capacity through greenfield and brownfield expansions to meet the projected Rs 1 trillion Indian paint industry demand. Additionally, a new water-based paint facility will adopt eco-friendly technology.

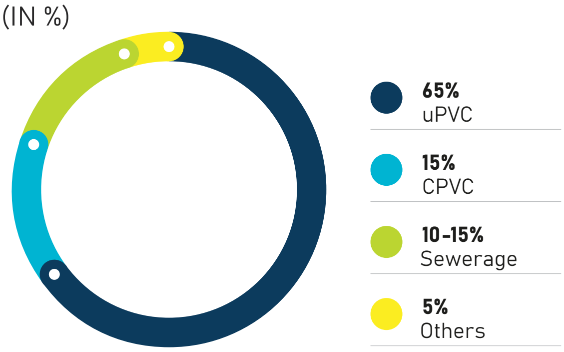
ASTRAL on prospects of various categories of pipes: In India, Unplasticised Polyvinyl Chloride (UPVC) pipes have gained prominence for supplying water and managing sewage due to their durability and affordability, set to grow at 11-12% CAGR till 2024. Chlorinated Polyvinyl Chloride (CPVC) pipes, known for durability and resistance, are rapidly gaining traction, predicted to grow over 20% by 2024. High Density Polyethylene (HDPE) pipes are sought after in irrigation, drainage, and more, with a projected CAGR of 12-13% by 2024, offering durability, cost savings, and ease of installation. Polypropylene (PPR) pipes, durable and chemical-resistant, constitute 3-5% of plastic pipe demand, expected to grow steadily at 6-7% CAGR. All these pipes play vital roles in various sectors, shaping India's plumbing and industrial landscape.

Indian pipes industry prospects

Industry break-up in terms of applications (IN %)



Industry break-up in terms of polymer type (IN %)



Source: Astral annual report

INFORMATION TECHNOLOGY

In the fire chat section of its annual report, TCS has shared some insightful perspectives on the impact of AI on IT services. TCS argues that previous advancements in software development, such as code generators and language translators, did not lead to a decrease in demand for IT services. Instead, they resulted in increased growth and productivity. TCS believes that generative AI will follow the same pattern, reducing programming effort per function point and driving up programmer productivity. This will lead to greater consumption and volume growth, compensating for any deflation in effort.

TCS supports this thesis with empirical evidence, stating that as technology has advanced, programming effort has decreased, but spending on IT services has consistently increased over the years. They compare this to the transition from assembly language to C, where the effort deflation did not result in mass layoffs of programmers but rather sparked an explosion in software development due to increased capacity

The difference lies in the demand for IT services, which is not limited by the market's ability to consume, unlike other goods and services. Each enterprise has significant unmet demand, and technologies like generative AI can help expand capacity and fulfill the backlog of requirements. However, as long as there is no limit to business users' ingenuity and competitive drive, the demand for IT services will continue to rise and fill the incremental capacity created by new technologies.

M&M, IN ITS ANNUAL REPORT FOR FY24, CALLS OUT FY24 AS THE MARGIN TRANSFORMATION YEAR FOR TECH MAHINDRA

TRANSFORMING OUR CORE BUSINESSES

Transform

	Actions	Outcomes
Auto	• 5 mega launches...Quantum leap • Regaining EV leadership; $9.1 Bn valuation	UV revenue MS 13.2% Q4F20 → 19.6% Q4F23
Farm	• Strengthened leadership through new launches and network expansion • Farm machinery revenue growth by 40%	Market share 39.4% Q4F20 → 40.7% Q4F23
MMFSL	• Leadership, Asset quality, Tech and Data • Transformation underway	GNPA* 8.4% Q4F20 → 4.5% Q4F23
TechM	• Early wins in large deals • Succession plan in place • Margin transformation to commence in F24	

* Refers to gross stage 3 delinquent contracts

INFRA & CAPITAL GOODS

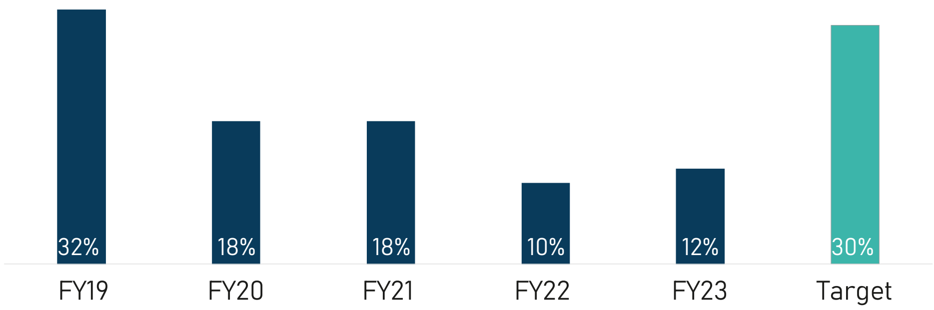
CG POWER has identified a three-pronged strategy for future growth: 1) Capacity expansion: Debottlenecking, modernization, and adding new capacity across all four plants with a capital outlay of Rs 4 billion (the current gross block is Rs 20 bn) 2) Developing a detailed export strategy to increase revenue contribution from 5% to 20% in 4-5 years. 3) Focus on accelerated technological advancement through robust R&D efforts and collaborative partnerships.

ADANI ports highlights its contrarian capital allocation approach: Adani Ports took a departure from the conventional investment approach in port capacity. Instead of merely aligning investment with demand, the company made substantial investments to minimize waiting times for vessel berthing. The emphasis shifted from capacity utilization to reducing berthing time. This approach, initiated at Mundra port, garnered favorable reputation and heightened vessel traffic. Despite comparatively lower capacity utilization, this strategy bolstered both revenue and cargo handling for the company.

L&T has responded to ESG concerns regarding its defence exposure by clarifying that its defence sector operations do not involve the manufacturing of explosives, ammunition, cluster munitions, anti-personnel landmines, nuclear weapons, or related components. Furthermore, the company does not engage in customizing delivery systems for such munitions

BHARAT ELECTRONICS (BEL) is pursuing a diversification strategy, exploring growth opportunities in allied defense and non-defense sectors. Non-defense sectors contributed 15-20% to the total turnover over five years, but this figure dipped to 13% in FY23. BEL aims to increase non-defense revenue to around 30% of the total turnover. Key growth areas include smart cities, battery energy storage, space-based assets through collaboration with ISRO, cybersecurity, composites, medical electronics, and significant involvement in homeland security and railway projects

Contribution of non-defence business to BHE revenues



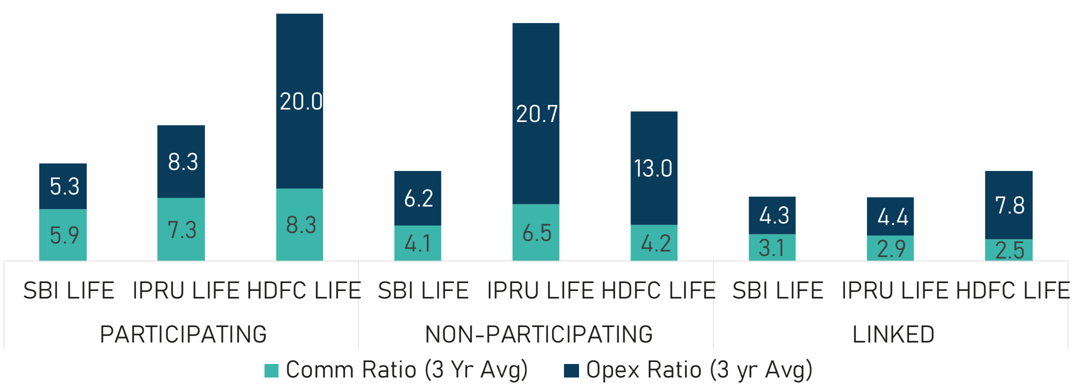
INSURANCE

HDFC LIFE highlights implications of changes in the regulatory landscape: Insurance Regulatory and Development Authority of India (IRDAI) is proposing various changes to enhance insurance penetration, support growth, and streamline operations. Several draft regulations are under discussion, including the conceptualization of online marketplace Bima Sugam and the launch of Bima Vistaar, an initiative aimed at boosting rural insurance. The regulator has also expanded open architecture and introduced a use-and-file regime for quicker product launches. Recent revisions to Expenses of Management (EoM) and Commission guidelines provide greater cost flexibility, encourage long-term product development, and enhance persistency with higher renewal allowances for customer benefit. These reforms align with the regulator's goal of achieving universal insurance access by 2047. In the Finance Bill 2023, the government removed tax relief exemption on policies with over ₹5 lakh annual premium upon maturity. The company is confident of adopting to this change, citing past successful adjustments to ULIP guidelines (FY11), open architecture in (FY18), and ULIP taxation amendment in (FY21).

ICICI LOMBARD targets 200 bps improvement in combined ratio using multiple levers: The company remains committed to enhancing its distribution network, digital prowess, and expansion in both retail health and corporate sectors. By prioritizing growth catalysts like innovation, digital strides, product diversification, fortified distribution channels, cost optimization, and amplifying preferred business segments, the company aims to decrease its combined ratio by 200 basis points by fiscal year 2025.

SBILIFE has significant cost advantage vs peers across product segments leading to structural advantage for the company. The company operates on lower cost structure in all three lines of business vs peers: Participating, non-participating and linked.

Cost Ratios of Life Insurance cos



METALS

TATA STEEL has requested support from the UK government. Active and detailed discussions have taken place between Tata Steel and the UK Government regarding the future of the UK business. Due to the UK's decarbonization efforts and the increasing carbon-related expenses, it has become evident that transitioning Port Talbot to alternative green technologies is essential for the long-term sustainability of steel production. As a result, Tata Steel has sought government support in two ways: (a) in terms of policy, to encourage the shift to green steel and ensure a competitive cost environment, and (b) through a partnership in financing the project, given the substantial investment required and the financial constraints faced by our UK business. These discussions are currently ongoing.

Annual reports of leading pipe companies highlight that global pipeline demand isn't just about oil and gas; water infrastructure is gaining prominence. While domestic pipeline demand is driven by water, global export pipelines have historically relied on oil and gas, subject to price fluctuations and regulatory obstacles. However, there's a growing focus on water security globally. Initiatives like the US pledging up to $49 billion, the Asian Development Bank investing $11 billion in Asia-Pacific and $100 billion worldwide by 2030, and the World Bank Group's $31 billion for 262 water projects in developing countries signal increasing opportunities. India's resilient water demand with a budget increase from Rs 740bn to Rs 973bn in FY24 further supports this potential growth for water pipeline exports (HSAW and DI)

RATNAMANI METALS AND TUBES: Ratnamani Metals and Tubes (RMT) had most disciplined capex allocation policy among peers. The company has refrained from investing in non-core business like some of the peers and had higher IRR hurdle rate, reflecting in higher return ratio

10-Yr	UOM	Ratnamani	Peer-1	Peer-2
Revenue CAGR	%	14	0	11
Profits CAGR	%	14	26	9
Avg ROE	%	16	8	7
Avg ROCE	%	22	12	10
Cumulative CFO	Rs bn	19	47	91
Capex	Rs bn	12	22	40
FCF	Rs bn	6	25	51
M-Cap Accretion	Rs bn	176	75	93
M-Cap accretion/FCF	(x)	28	3	2

2 WHEELER OEMS

BAJAJ AUTO made a conscious choice to prioritize products of 125 CC and above. The largest volume of sales typically occurs at the lower end, including 100-110 cc models. However, due to strong competitive price pressures in this segment and amidst increasing commodity prices and shortages of key semiconductors in the first half of FY2023, it made relatively less sense, in terms of profits and shareholder value, to emphasize these products. Consequently, Bajaj Auto consciously focused on growing the sales of its more profitable models in the 125 cc range and above.

HERO MotoCorp's Parts, Accessories, and Merchandise (PAM) revenues have outpaced the company's overall revenue growth. While the volumes of bikes sold by Hero declined at a 9% CAGR from FY19 to FY23, and 2W sales revenue dropped 5% from FY19 levels, PAM revenues have grown at a CAGR of 14%, now contributing 14% of the overall revenues. The company attributes this growth to enhanced accessibility through parts micro-distribution and a doubled retailer base within three years. The Hero Genuine Oil business accounts for over 10% of spare revenues.

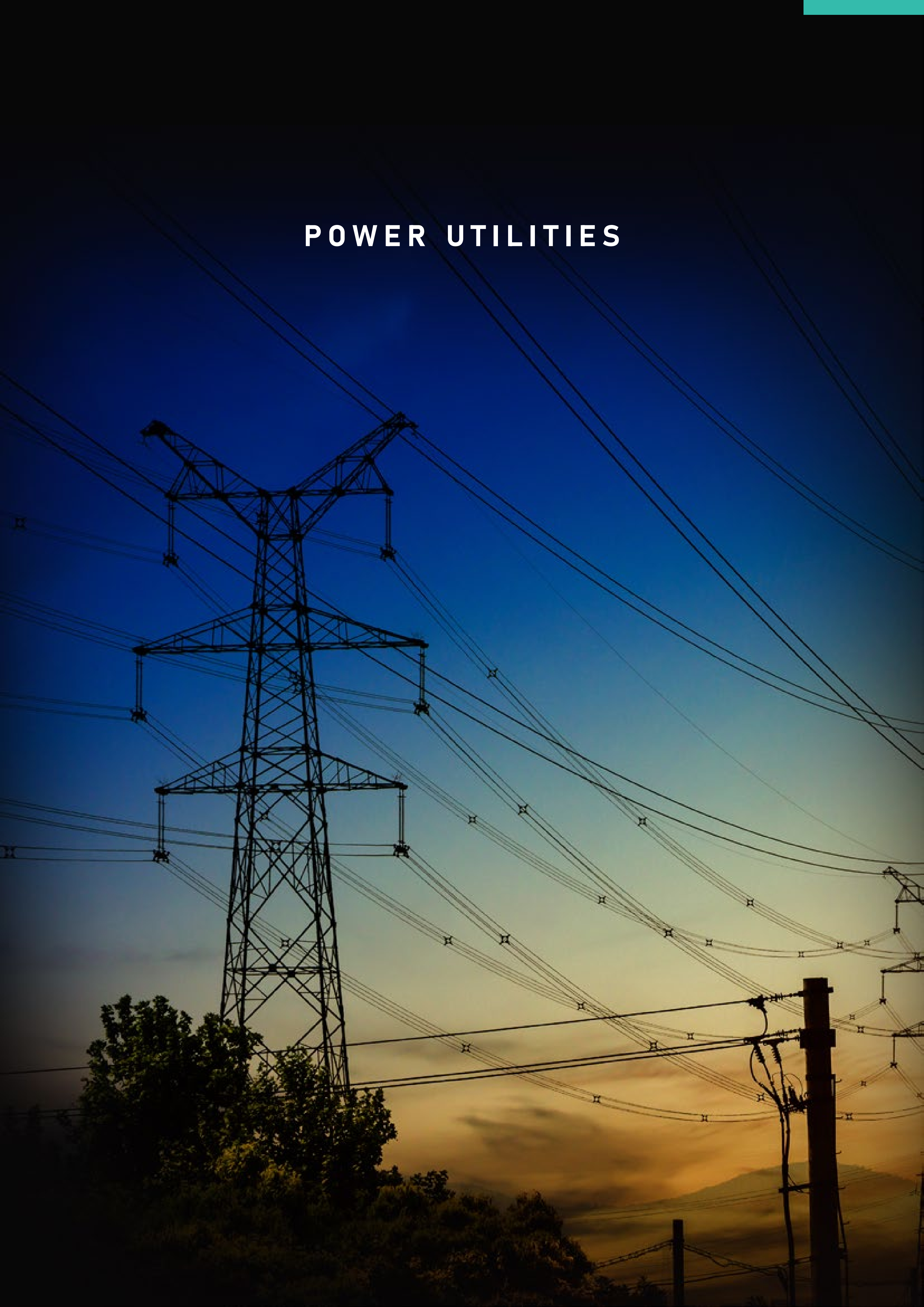
TVSs' investments in subsidiaries and associates now represent over 65% of the capital employed. To diversify its revenues, TVS has been increasing its investments in subsidiaries and associates. Over the past five years, the company has deployed about 40% of its cumulative cash flows in joint ventures, subsidiaries, and associates. Non-current investments now comprise more than 65% of the invested capital. Most of these incremental investments have gone into TVS Singapore, an investment holding company, and its vehicle finance NBFC, TVS Credit. TVS Singapore, in turn, invested in GO AG, a digital payments company in Switzerland; EBCO Limited, a fleet management company in Singapore; Swiss E-Mobility Group AG, an e-bike maker in Switzerland; and Norton Motorcycle, a premium British motorcycle company.

TVS investments in Subsidiaries and JVs

Rs bn	FY19	FY20	FY21	FY22	FY23	
TVS Motor (Singapore) Pte	2	4	8	19	20	
TVS Credit Services Limited	12	13	14	15	20	
Others	9	10	11	12	15	
Total non-current Investments	23	26	33	46	55	
% of capital employed	48.7	46.6	62.8	71.4	66.2	**Cumulative**
Capital Employed	47	56	53	64	83	**FY19-22**
Net operating Cashflows	11	14	26	15	20	85.4
Capex	-6	-7	-6	-7	-10	-36.6
Investments in Subs and Associates	-2	-6	-4	-14	-7	-33.4
Non-Current inv/Operating cashflows	-22	-42	-16	-91	-37	-39.1

Source : Company Annual Reports

POWER UTILITIES

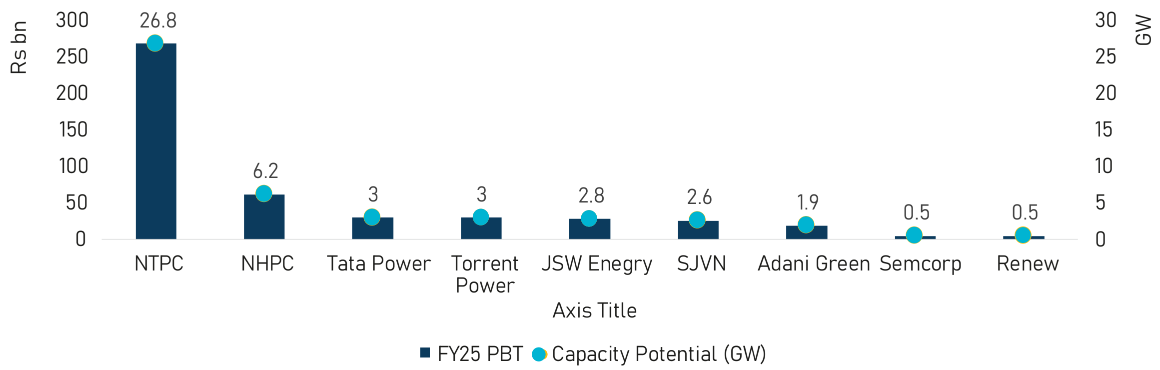


POWER FINANCE CORPORATION on discom reforms: Distribution Companies (Discoms) play an integral role in the power sector value chain. In recent years, Discoms have grappled with financial and operational challenges, straining the power sector value chain. The Revamped Distribution Sector Scheme and the late payment surcharge scheme are alleviating this stress. All India AT&C losses stand at 16.5% in FY 2021-22, significantly lower than the 21.5% recorded in FY 2020-21. The Average Cost of Supply (ACS) - Average Revenue Realized (ARR) gap, representing the cash-adjusted revenue difference per unit of electricity sold, improved significantly to 40 paise per unit in FY 2021-22, down from 89 paise per unit in FY 2020-21. The LPS scheme has resulted in a 40% reduction in legacy dues payable by distribution utilities from their peak level of Rs 1.4 trillion.

BHEL remains upbeat about the prospects of thermal power. Recent government policies signal a shift toward Renewable Energy Sources (RES) in power generation, offering substantial opportunities in renewables. Hydro, nuclear, and coal-based power plants are set to remain vital for continuous and round-the-clock operation, given the presence of coal reserves and technology availability. High-efficiency coal-based supercritical and ultra-supercritical plants are crucial to meet baseload demand until battery energy storage achieves grid parity. After a subdued period, the thermal sector is experiencing a revival in ordering, with BHEL securing major EPC orders and having a promising pipeline of 15-20 GW coal-based plants over the next 4-5 years. Moreover, there are more than 50 GW opportunities available for the refurbishment and modernization (R&M) of aging plants.

Renewables: NTPC's role would be pivotal in achieving this ambitious goal: The Government as set at an ambitious target of 500 GW non-fossil fuel capacity addition target by 2030 translating into 50 GW/annum. We find this Bernstein chart particularly interesting which suggests NTPC will be critical to achieve this ambitious goal given its profitable legacy business

Capacity to add renewable capacity based on FY25 profitability



Source : Bernstien, Assuming Capex of 0.5 mn per MW, PBT based on Bloomberg estimates

RETAIL

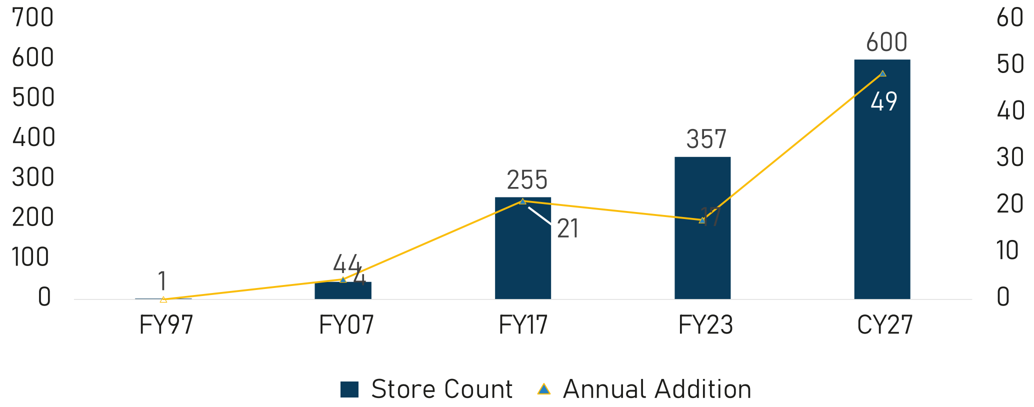
AVENUE SUPERMART'S private label sales remain steady at 6%. Avenue Supermarts' subsidiary, Align Retail Trades and Private Ltd (ARTPL), is engaged in the business of private label goods. Using ARTPL's sales to Dmart's cost of goods sold as a proxy for private label sales for D-Mart, we observe a consistent trend in Dmart's private label

Rs bn	FY19	FY20	FY21	FY22	FY23
Sale to Dmart by ARTPL	9	12	13	16	22
COGS of Dmart	170	210	204	261	358
% COGS from ARTPL	5.40%	5.60%	6.40%	6.10%	6.20%

TITAN gets aggressive on international expansion: Titan aims to be the preferred jeweler in the NRI/PIO markets, leveraging Indian cultural heritage pride. They opened 4 new stores in the GCC and 1 in North America. Based on positive response, Titan plans to have 25 international Tanishq stores by Mar-24E (17 new stores in FY2024E in GCC). Estimated related party transactions with Titan Global Retail LLC for FY2024E is Rs16 bn, with Rs10.7 bn from product sales, showing an 80% YoY growth in sales. Both international DTC websites (tanishq.ae and tanishq.com) were launched and received good consumer reception.

WESTLIFE sets out an ambitious 5- year roadmap under Vision 2027: The strategy aims to double sales, add 300 restaurants, and enhance market leadership, targeting over 40% return on capital (30% for FY23). The planned investment of Rs 14+ bn anticipates high single-digit SSSG, 18-20% operating EBITDA margin (17% for FY23), 25%+ return on equity (20% in FY23), and strong free cash flow conversion. Core drivers include menu innovation, seamless omnichannel engagement, network expansion, and financial excellence.

Westlife ambitious store roll out targets



WHITE GOODS

HAVELLS

HAVELLS' annual report, "Manufacturing: Smarter, Sustainable, Self-Reliant," underscores the strategic shift towards in-house manufacturing. This approach ensures supply chain control, lean inventories, and operational flexibility to manage demand fluctuations. Quality focus is evident through best practices, digitized controls, and internal programs like Six Sigma, Golden Hands, and Quality by Design. Product differentiation, rooted in unique qualities, cultivates brand loyalty, IP protection, and optimal pricing. Learning curve efficiencies amplify manufacturing prowess. In-house operations facilitate customized solutions, vital for B2B adaptability. Sustainability goals align with the adoption of green energy and responsible waste management. A robust manufacturing showcase heightens brand recall, instilling sales team and partner confidence. Havells' manufacturing has expanded to 15 units, with 90% in-house production.

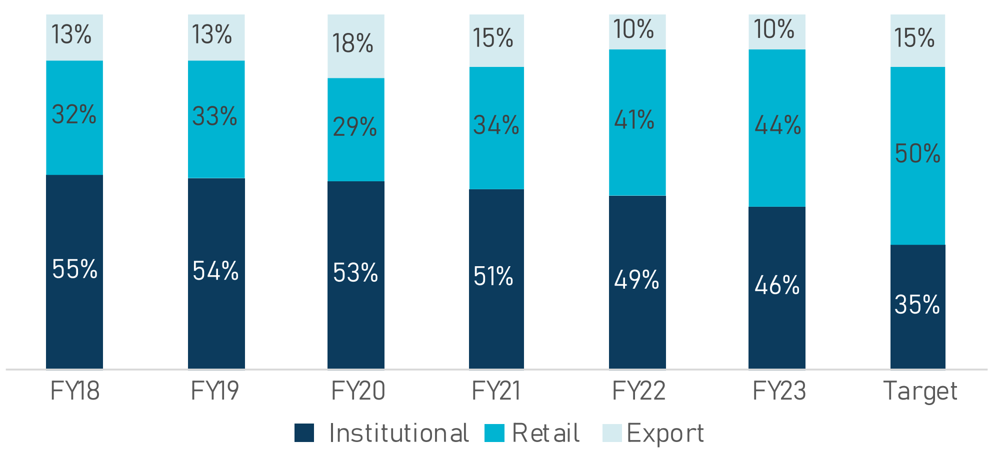
POLYCAB

POLYCAB attributed the underwhelming performance of the FMEG division to a mix of factors, including subdued demand due to high inflation and internal restructuring of the distribution channel. The restructuring, aimed at boosting growth, involved partnering with larger distributors and realigning smaller ones. This led to a decline in inventory supplied to outgoing partners, impacting performance. With the restructuring concluded, the company expects sales to gradually improve from FY24 onward.

KEI Wires & Cables

KEI Aims for 50% Retail Channel Sales: KEI's retail sales, which encompass products such as house wiring, flexible wires, LT, and HT cables, surged by 31%, constituting 44% of total sales (a 400 bps YoY increase). A strategic push aims to increase its share to 50% within 2-3 years. This involves geographic expansion, primarily in the eastern and southern regions, alongside a concerted effort to grow the dealer network.

White goods and Cable and Wire



Source : Company Annual Reports

MISCELLANEOUS

PHOENIX'S success is attributed to timely execution, rapid occupancy ramp-up, and brand diversity. The company expanded into Ahmedabad and Indore with Palladium and Phoenix Citadel, respectively. Despite pandemic-related construction challenges, both projects launched within four years of acquisition. Phoenix Citadel Indore achieved an 86% trading occupancy within six months of the December 2022 launch, showcasing significant growth from 42% and 70% in the preceding months. With over 300 brands, including 100 debuts in Indore, Phoenix Citadel promises a distinctive shopping experience. Palladium Ahmedabad, a greenfield project acquired in 2018, quickly ramped up from 32% occupancy at launch to approximately 60% within four months in June 2023.

JOBSPEAK INDEX : 100K+ CLIENTS, 70L+ ANNUAL MANDATES, UNVEILING INDUSTRY EMPLOYMENT TRENDS (NAUKRI.COM)

+21%
Real Estate/Property

+20%
Oil & Gas/Power

+13%
Insurance

+11%
Banking/Finance/Broking

+4%
Auto/Auto Ancillary

+3%
Pharma/Biotech Clinical Research

-18%
BPO/ITES/CRM/Transcription

-21%
Education/Teaching/Training

-23%
Retail

INDIGO'S growth aspirations: Compared to an operational fleet of around 600 aircraft at the end of FY23, it is estimated that a fleet of 4,000 aircraft would be needed in India within the next two decades to match anticipated growth in demand. Currently, the domestic players collectively have an outstanding order book of 1800 aircraft, which is expected to support some of this expected growth in demand. With a large order book of aircraft, including (Xxtra Long range) XLRs, and investments in people, processes and technology, IndiGo aspires to double in scale and size by the end of this decade.

Disclaimer

This document is for information purposes only. In this document DSP Investment Managers Private Limited has used information that is publicly available, including information developed in-house. Information gathered and used in this document is believed to be from reliable sources. While utmost care has been exercised while preparing this document, the AMC nor any person connected does not warrant the completeness or accuracy of the information and disclaims all liabilities, losses and damages arising out of the use of this information. The statements contained herein may include statements of future expectations and other forward looking statements that are based on prevailing market conditions / various other factors and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. The recipient(s) before acting on any information herein should make his/their own investigation and seek appropriate professional advice. Past performance may or may not be sustained in the future and should not be used as a basis for comparison with other investments. The sector(s)/stock(s)/issuer(s) mentioned in this Document do not constitute any research report/recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). All opinions, figures, charts/graphs and data included in this Document are as on date and are subject to change without notice. This Document is generic in nature and doesn't solicit to invest in any Scheme of DSP Mutual Fund or construe as investment advice.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.