PORTFOLIO
MANAGEMENT SERVICES

ANAND RATHI
ADVISORS LIMITED

MNC PORTFOLIO

QUARTERLY COMMUNICATION

September' 24

FUND MANAGERS COMMUNICATIONS

September 2024

Global Market: During the month of August 2024: Major Equity indices in US markets, Europe, Nikkei closed with positive gains. The month has been volatile with news flow around Yen carry trade and Geo politics in middle east on headlines.

The IMF kept its 2024 global GDP growth forecast unchanged at 3.2% and raised its 2025 forecast by 0.1% to 3.3%. The global economy is set for modest growth over the next two years amid cooling activity in US, a bottoming out in Europe and stronger consumption & exports for CHINA. Growth projection for India is at 7% for 2024 and 6.5% in 2025.

Global Manufacturing PMI signals contraction. In Jul'24, the G-20 Manufacturing PMI fell below 50 for the fourth month in a row. The JPM world PMI slowed due to weaker growth in the US and China, the ongoing downturn in the euro zone and Japan contracting. Key issues were declining new orders and longer vendor lead times. Of 32 countries, only 15 saw PMI increases, with India is growing the fastest.

The US economy grew last quarter at a healthy 3% annual pace, fuelled by strong consumer spending and business investment, in an upgrade of its initial assessment, in Q1 the growth was 1.4%. Corporate profits also rebounded last quarter, helping to further dispel fears of a recession. The next FOMC meeting is scheduled for September 17th -18th & market is assigning some probability for a rate cut in upcoming meetings. Financial markets expect the Fed to begin its easing cycle next month with a 25-basis-point reduction in its benchmark overnight interest rate. The Fed has maintained its policy rate in the current 5.25%-5.50% range for more than a year.

Domestic Market: India's Q1 GDP at 6.7% was in line with expectations. Private consumption and investments picking up were key positives. On the demand side, key positives included a pickup in private consumption, which rose to an eightquarter high, while investments also accelerated. On the external front, exports growing quicker than imports meant the drag on growth from net exports was lower this quarter. Government expenditure, both capital and revenue, remained muted due to the code of conduct measures implemented before the elections.

PMI: Manufacturing activity in India stood at 57.5 in August , which is below July's reading of 58.1, but above the long-run average of 54.

India's core sector output accelerated to 6.1% in Jul'24, up from 5.1% in Jun, despite the high base effect. However, cumulative growth for the first four months of the fiscal year was 6.1%, lower than 6.6% recorded in the same period last year.

RBI Policy: The RBI delivered another status-quo policy, keeping the repo rate unchanged at 6.5%. The RBI kept its projections on growth and inflation unchanged at 7.2% and 4.5% respectively. The next policy meeting is scheduled for 7-9th Oct'24.

Fund Flow: FII flows were positive in Aug 24 with inflows of Rs.11,930 crores. DII flows remained healthy with inflows of Rs.39,333 crores during the month.

Consumer price Inflation (CPI): CPI inflation declined to 3.5% in Jul'24, aided by the sharp fall in food prices. Normal to above average monsoon across India is likely to keep inflation below the tolerance level. While recent inflation and unemployment data in the US point to rate cuts, the RBI is expected to continue its hawkish tone until headline inflation moves toward 4% sustainably.

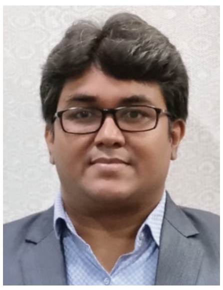
IIP: Industrial production growth for Jun'24 eased to 4.2%, while the May figure was revised up to 6.2%. . Moderation in industrial production growth was as we expected. Capital and infra goods production were muted ahead of the elections, while consumption growth, as indicated by durables and non-durables production, was not particularly strong. Ahead, the government sticking to its capex plans would mean a ramp-up in infra spends, which would boost activity. On the consumption side, we see a pick-up in rural demand, which would be aided by better rainfall and more sown area. Thus, we expect a significant ramp-up in growth in H2 FY25.

GST Collection: Goods and Services Tax (GST) collections in August went up by 10 per cent from the same period last year to Rs. 1,74,962 crore

August month Auto Numbers: Two Wheelers maintained strong growth momentum, wholesale volumes rose to double digits, broadly in line with our estimate. PVs saw a slight decline on moderation of demand, yet broadly as we expected. CV volumes slipped to single digits due to heavy rains and a slow pickup in infrastructure activity. Tractor volumes were flattish, and broadly in line with our expectation. Ahead, we expect good volume trajectories across segments, with 2Ws outstripping others.

Equity Market Outlook: After a strong rally in markets in first half of calendar year 2024, markets are consolidating with sector rotation taking place. Some of the stocks in PSU, Defence, Railway and select midcaps where valuations got stretched has witnessed profit booking, while stocks in Pharma, IT, FMCG and Consumer durables has seen recovery in last two months. The Q1FY25 Results season has been a mixed bag with some moderation in growth was visible in select sectors due to impact of elections and heat waves in Q1FY25.

With Inflation, interest rate, stable oil prices and fiscal deficit under control along with strong economic activities data we believe the economy to maintain its growth momentum in coming quarters. Domestic liquidity likely to provide cushion to Indian equity market and with FII turning back the markets are likely to sustain at higher levels in spite of recent run up in the equity market. Although valuation in the market have been above average, correction if any would be shallow and it would be more of time correction or consolidation. However, stock specific activity is likely to continue the momentum. Long term outlook remains positive.



Regards,
Mayur Shah
(Fund Manager-Anand Rathi Advisors Ltd.)

Q1FY25

During the quarter Q1FY25 Nifty 500 reported revenue growth of 8.6% y-o-y and PAT growth of 7.4% y-o-y. Our Portfolio Companies have reported healthy growth in recent quarter.

In Q1FY25 MNC PMS has reported revenue growth of 6% y-o-y, operating profit growth of 9% and PAT growth of 15%.

During the quarter we have done profit booking in ESAB India with full exit, and exited GLAND Pharma as results were below expectations. Partial profit booking was done in ITD Cementation.

New Stocks Added:
Whirlpool India which is one of the leading manufacturers and marketers of major home appliances in the country. The company owns three state of the art manufacturing facilities at Faridabad, Puducherry and Pune.

Cummins India a leader in powergen & engines.

MNC PMS - Q1FY25 Results (Rs cr)

		Q1FY25			Q1FY24			Growth Y-o-Y		
Sr.No.	Company Name	Sales	EBITDA	PAT	Sales	EBITDA	PAT	Sales	EBITDA	PAT
1	3M India Ltd.	1047	205	157	1050	173	129	0%	19%	22%
2	Abbott India Ltd.	1558	391	328	1479	355	290	5%	10%	13%
3	Bayer CropScience Ltd.	1631	314	254	1740	425	329	-6%	-26%	-23%
4	CRISIL Ltd.	797	207	150	771	204	151	3%	1%	0%
5	Cummins India Ltd.	2274	473	395	2185	342	288	4%	38%	37%
6	Grindwell Norton Ltd.	703	133	93	664	135	98	6%	-2%	-5%
7	Hindustan Unilever Ltd.	15523	3744	2614	15267	3665	2557	2%	2%	2%
8	Ingersoll-Rand (India) Ltd.	318	83	62	305	71	54	4%	16%	15%
9	ITD Cementation India Ltd.	2381	221	100	1833	162	48	30%	37%	109%
10	KSB Ltd.	646	91	64	591	85	60	9%	6%	7%
11	Maruti Suzuki India Ltd.	33876	5107	3702	30848	3520	2481	10%	45%	49%
12	Mphasis Ltd.	3422	619	405	3252	587	396	5%	5%	2%
13	Nestle India Ltd.	4793	1114	747	4620	1056	698	4%	6%	7%
14	Procter & Gamble Hygiene and Health Care Ltd.	927	118	81	849	215	151	9%	-45%	-46%
15	Schaeffler India Ltd.	2107	376	245	1829	342	237	15%	10%	3%
16	Siemens Ltd.	5147	692	578	4805	567	456	7%	22%	27%
17	SKF India Ltd.	1206	194	159	1150	208	155	5%	-7%	3%
18	Suven Pharmaceuticals Ltd.	231	80	61	348	168	121	-34%	-52%	-50%
19	Whirlpool Of India Ltd.	2497	211	145	2039	123	77	22%	71%	89%
20	Vesuvius India Ltd.	461	92	67	402	70	52	15%	31%	29%
	Average Growth							**6%**	**9%**	**15%**

Abbott India Ltd.

In Q1FY25 Abbott India reported revenues of Rs.1557.6 cr up by 5.3% y-o-y, PAT was Rs.327.2 cr up by 12.7% y-o-y. Abbott also continues to launch 15-20 products/line extensions every year, which would have aided growth. Abbott maintained its growth momentum of reporting above 25% EBITDA Margin led by sustaining leadership position in its key brands. We expect Abbott to continue clocking high performance led by strong and diversified portfolio of products, Sustained double digit new product launch momentum annually and controlled cost measures. Abbott India is one of the fastest growing listed MNC pharma companies. It has outperformed the industry on a consistent basis in women's health, GI, metabolic, pain, CNS among others. We remain positive on the company due to its robust and sustainable business model backed by stable growth, debt-free balance sheet, favourable market dynamics with doctor prescription stickiness and lower perceived risk factors. We continue to believe in Abbott's strong growth track in power brands and capability of new launches on a fairly consistent basis. **Key Risk:** Regulatory risk.

3M India

In Q1FY25 3M India reported revenues of Rs.995 cr up by 2% and PAT was Rs.146.5 cr up by 26% y-o-y. All Business segments delivered growth in the first quarter versus prior year except Transportation and Electronics business. Consumer business led growth by 3.3% versus prior year followed by Safety and Industrial by 2.7%.Govt's emphasis on infrastructure is positve for the company. Roads, Railways, Airports, Metro etc. will provide ample growth opportunites to the company. Immense opportunites in the country with long-term prospects remain extremely strong. Will contnue to invest in newer areas of technologies to tap into emerging opportunites. 3M India has access to all 3M global technologies and will make necessary investment at its factories as may be required to sustain the growth. 3M India need not to make investment for all the 3M products as it benefits from 3M's global supply chain. Over the last 5-6 years, local content increased by 600 bps and is currently at 60-61% of the sales are through Make-In-India. Will contnue to invest to increase local content envisaging emerging opportunites and to benefit from Make-In-India incentves. Coming up with new products across segments viz. Industrial Abrasives, Robotcs, Automaton, Automotve, Infrastructure, Road Safety, Retail specific products. Also developing various products in te up with Auto OEMs for models to be launched in 2026. **Key Risk :** Slowdown in economy.

Bayer Crop

In Q1FY25 Bayer crop reported revenues of Rs.1631 cr down by 6.2% y-o-y, PAT was Rs.254 cr down by 22.6% y-o-y. Despite consolidated revenue dropping 6% y/y, agrochemical volumes grew 3% y/y. Amid hurdles posed by the weather and unfavourable market dynamics at the start of the season, the dip in revenue was due to a) proactive channel management, coupled with sales shifting toward Q2 FY25 (consumption period), which in turn lowered agrochemical revenue growth. b) Sales of corn hybrid seeds were hit in Q1 (the heaviest quarter for seeds), owing to supply constraints and higher cost of seeds denting revenue growth and margins. In FY24, the company launched three brands in agrochemicals (Renkil, Curbix Pro, Acerbo), two in the corn hybrids (DKC-9228, DKC-9233) and one in paddy seeds (Arize 6555 ST). On the brighter domestic demand outlook due to good rainfall, remunerative crop prices and the lower H1 FY24 base, we are enthused about double-digit agrochemical revenue growth y/y in FY25. **Key Risk :** below expected Monsoon.

Cummins India

In Q1FY25 Cummins India reported revenues of Rs.2304.2 cr up by 4% y-o-y, PAT was Rs.419.8 cr up by 33% y-o-y. The 20.3% Q1 EBITDA margin was supported by a multi-year high 38% gross margin, aided by better pricing and lower costs. Cummins India has products in Engines, power gen and distribution. While the distribution and industrial business is robust, the powergen business was affected on sunsetting of CPCB 2 norms. Exports have been improving consistently, with the enduser market recovering. The company retained its FY25 revenue growth guidance of at least 2x GDP growth. Distribution grew 22%, industrials 58% y/y. The company has been focusing on deepening penetration and availability across cities (distribution). The industrials business is driven by data centres, manufacturing, infra and commercial RE. Exports (17% of sales) inched up, with improvement in the Mid-East and Africa. Extremely optimistic about growth opportunities in the 2/5/10 years.**Key Risk :** Slowdown in power sector, manufcaturing.

Suven Pharma Ltd.

In Q1FY25 Suven Pharma reported revenues of Rs.230 cr down by 33.6% y-o-y, PAT was Rs.60.77 cr down by 49% y-o-y. Suven Pharma is a CDMO company in intermediates and APIs, offering developmental and manufacturing services to global pharma innovators. Global Innovator companies that outsource part of their R&D work reach out to the Company to develop intermediates & other products. The Company aims to become the Tier-1 supplier to the top 5 customers; hence, we will build and deploy strong key account management. The Company will invest further in building the next order infrastructure to support growth. Suven will deepen the existing relationships by moving up the value chain from intermediates to API levels. Suven will build/ acquire new technology in flow chemistry and oligonucleotides (e.g., Sapala Organics), etc., to enhance their capability basket and become future-ready. **Key Risk :** Regulatory risk.

Procter & Gamble Hygiene & Health Care Ltd

In Q1FY25 PGHH reported revenues of Rs.927.43 cr up by 9.27% y-o-y. Innovation, premiumization is driving category growth in the feminine hygiene category. The Company's business continues to grow behind a strong product portfolio, superior consumer communication and a continuous stream of product innovations. The growth was led by a combination of product-price mix, premiumization, and strong retail execution. With a portfolio of essentials and healthcare, the company remained focused on product innovation-led customer acquisition. Penetration play would continue, but at a steady pace, despite the high scope of user additions. PGHH is attractive long-term business with 1) robust growth potential in the Feminine Hygiene segment, coupled with the potential for market share gains aided by strategic initiatives, including the fortification of significant market advantages, and 2) potential for higher margin gains from the long-term trend of premiumization in the Feminine Hygiene segment. **Key Risk :** slowdown in consumer spending, higher competition.

ITD Cementation Ltd.

In Q1FY25 ITD cementation reported revenues of Rs.2381 cr up by 30% y-o-y, PAT was Rs.100 cr up by 91% y-o-y. Debt to equity was 0.58x as on 31st march 2024. Order book as on 30th June stands at Rs.18536 crores & has secured orders worth Rs.1053 cr during the quarter. Maritime forms 34.5%, Urban infra 21%, highways 14.7% of the order book. Ganga express way is a Rs.5000 crore project and ITD is looking to complete in 2 years with execution of Rs.600 crore during the quarter. ITD is looking at international orders now, in domains where it has built experstise over the years. Management has given guidance of 15-25% revenue growth guidance over next 2 years with margins in range of 10%-11%. **Key Risk :** Delay is new orders, execution challenge.

CRISIL Ltd.

In Q1FY25 CRISIL reported revenues of Rs.797.4 cr up by 3.4% y-o-y, PAT was Rs.150 cr flat y-o-y. The company faced some challenges during the quarter as a result of global uncertainties and a slowdown in financial institutions' discretionary spending, which impacted its research and analytics operations. The rating business expanded 10.7% y-o-y in the quarter aided by domestic bond issuances. Despite near-term headwinds, Crisil intends to achieve growth and margin expansion by leveraging its global talent and focusing on private capital, data analytics, and sustainability solutions. The company consolidated its market leadership position in domestic ratings, benefiting from investor preference for top-rated agencies. Despite industry headwinds, the position remains strong in the Global Risk & Research Solutions (GRRS) business. The company's focus on digitization and automation is driven by the demand for integrated credit platforms that connect data, create data marts, and automate the entire credit life cycle. Crisil is looking for opportunities to improve its client services and internal processes using GenAI technology across various sectors. The company is developing data and analytics expertise in emerging fields like electronics, semiconductors, solar PV modules, and electric vehicles (EVs) to assist both corporate and financial institution clients. **Key Risk:** Slowdown in Global economy and Indian economy and slower credit growth.

Grindwell Norton Ltd.

In Q1FY25 Grindwell Norton (GNO) reported revenues of Rs.703.14 cr up by 5.82% y-o-y, PAT was Rs.92.97 cr down by -4.70% y-o-y. For Abrasives the demand from end user segments like Auto, Auto Components, steel and foundry has been consistent and newer markets like Railways, Defence, Solar, Electronics, are expected to grow volumes significantly in the next few years. GNO is the market leader in several products market segments of Abrasives and has deep presence across geographies and channels. The Key Success Factors for Abrasives in India are; range, loyal distribution, reach, high level of technical competence to work on specific solutions for different customers, good cost position, agility in offering new products & solutions, reliable service and quality and innovation. The Performance Plastics business produces and markets more than 800 standard and custom-made polymer products through three business segments: Engineered Components, Life Sciences and Composites. Electric Vehicle Battery packs promises to be a significant growth driver for Tapes Solution business in 2024-25 with good volume projections coming from all local OEMs. The main aim of the PPL business in 2024-25 would be to strengthen its position in existing markets, while accelerating growth in new markets. Presence of well-trained technical sales and application engineers with good market coverage is a key requirement to identify and develop new applications and deliver high growth. **Key Risk :** Chinese competition, slowdown in infra and construction.

Hindustan Unilever Ltd.

In Q1FY25 HUL reported revenues of Rs.157.1 bn up by 1.4% y-o-y, PAT was Rs.26.5 bn up by 2.5% y-o-y, volume grwoth was 4%. Demand trends saw steady improvements with a gradual rural recovery. The focus remains on volume-led growth through consistent new launches and aggressive spending on marketing. Revenue growth is expected to improve to high-single digits in 2HFY25, driven by growth in volume and prices. HUVR's wide product basket and presence across price segments should help the company achieve a steady growth recovery. There is improvement in demand trends with the UVG of 4% in 1Q. With the forecast of a normal monsoon and better crop realization, the gradual recovery in rural demand has been sustained. **Key Risk :** Slowdown in rural spending, weak monsoon.

Ingersoll Rand India

In Q1FY25 Ingersoll has reported revenues of Rs.317.7 cr up by 4.3% y-o-y, PAT was Rs.61.9 cr up by 15% y-o-y. EBIDTAM improved to 26.1% vs 23.4% yoy and 25.8% qoq. Ingersoll Rand is a leading manufacturer of Compressors and provider of services, enabling customers to create and execute strategies for their industrial transformation. The Indian Compressor Market is projected to witness a compound annual growth rate of 6.6% during years 2024-2030. The growing automotive sector and manufacturing sector in India is expected to drive the demand for compressors. The Company's products are primarily sold to industries in the automotive, metals, pharmaceutical and textile sectors. The Company has added new products and upgraded existing range to the wide gamut of products and through new models for small to medium scale industries. The Company approved seeing up a new green field manufacturing plant with an investment of about Rs 1.7 Bn. Hi-tech electronics, Semiconductor, Hydrogen are the new focused areas for future growth.Key Risk : Slowdown in manufactuirng activity.

KSB Limited

In Q1FY25 KSB Ltd reported revenues of Rs.646 cr up by 9.25% y-o-y, PAT was Rs.68.6 cr up by 7.69% y-o-y. Some delay in pick up at customers end led to slower growth in the quarter. As per management order book and growth outlook remains healthy with EBITDA margins of 13-14% over long term, company has capacity to meet demand and adding more capacity. KSB invest a lot into new business, new products, so that kind of development costs also get built in and sometime led to margins fluctuations. Solar pumps, wastewater treatment and sewage treatment, green hydrogen are another sector which has good growth prospects. Industry has been forte for long. Export is always a good opportunity, being a global company, having the global network, and having a good cost, production sites here is positive. In railways company is getting good traction, Nuclear is a very big opportunity. Our order booking for nuclear is almost, ₹1,300 crores. **Key Risk :** slowdown in user industry

Maruti Suzuki India Limited

In Q1FY25 Maruti Suzuki reported revenues of Rs.35531 cr up by 9.9% y-o-y, PAT was Rs.3649.9 cr up by 46.9% y-o-y, led by better margins. Margin improvement was driven by lower input costs, favorable currency benefits and higher other operating income. 1Q volumes were affected by heatwaves and elections. However, the management has maintained its volume growth guidance for the industry for FY25 at about 4%, led by an expected pickup in demand amid expectation of better monsoon. Export growth was driven by good demand from geographies like Africa, the Middle East and Latin America. MSIL is confident of achieving exports of 300k units in FY25. Any GST cut or favorable policy for hybrids by the government may drive a re rating as MSIL would be the key beneficiary.**Key Risk :** Slowdown in demand, higher fuel prices.

MPhasis Ltd.

In Q1FY25 Mphasis reported revenues of Rs.3422.5 cr up by 5.2% y-o-y, PAT was Rs.404.5 cr up by 2.1% y-o-y. Deal TCV improved in this quarter with TCV of USD 319 mn, up 80% yoy. The company maintained its guidance of revenue growth in FY25 to be above-industry growth amid gain from tech-led, account focused strategy. The company also maintained its guidance of EBIT margin in FY25E to be in the range of 14.6-16%, led by focus on productivity, efficiencies and operating leverage. We maintain that underpinnings of Mphasis' business are strong,viz. continued share gains in large clients, solid presence in BFSI increasing presence in other verticals, which holds the company in a strong position over medium term. Mphasis has strong capabilities in the banking vertical and is well-poised to tap both transformational and efficient spending of the client. **Key Risk :** Delayed recovery in IT spending.

Nestle India Ltd

In Q1FY25 Nestle India reported revenues of Rs.48.1 bn up by 3.3% y-o-y, PAT was Rs.7.4 billion up by 5.1% y-o-y. Nestle has been focusing on its RURBAN strategy and expanding its distribution reach in the untapped markets. E-commerce continued to deliver healthy growth, with double-digit growth in 1Q. India has become the largest market globally for MAGGI and the second-largest market for KITKAT. Nestle expanded its footprint by introducing new SKUs to markets in USA, Canada, Middle East and North Africa. A significant milestone was achieved with the first ever export of breakfast cereals such as KOKO KRUNCH and NESTLÉ GOLD Oats and Corn Flakes. Nestle posted broad-based growth across brands for the last few years. Nestle added over 800 distribution touchpoints, during the quarter, village coverage has increased by 5,000 to ~ 205,000 villages. . Nestle has announced its tenth factory in Odisha and is poised to invest approximately Rs.7,500 crore between 2020 and 2025 to develop new capabilities and expand existing ones with a sharp focus on sustained growth and innovation. Over last 8 years Nestle has launched 140 new products. Nestle with its strong product portfolio in packaged food has healthy growth prospects in long term. **Key Risk :** Higher commodity prices and slowdown in demand.

Siemens Ltd

In Q1FY25 Siemens reported revenues of Rs.4768.5 cr up by 7% y-o-y, PAT was Rs.530.6 cr up by 25% y-o-y. Order inflows were robust Rs62bn (up 18y/y, 20% q/q). These include orders in energy, smart infra and mobility. Outstanding order book is Rs 485bn. Rs10bn capex is being undertaken, funded through internal accruals. Also, in line with its strategy, it will be hiving off its energy business, expected to be complete by CY25. However, in the long term after the hive-off and added capacity, we expect better prospects for the business given the capex cycle. With capex of Rs10bn, the capacity to cater to the domestic market and, most importantly, exports would improve, in line with the parent's strategy of making India one of its manufacturing hubs. The company can now cater to the entire spectrum of Railways, and better address fast-growing segments such as data centres and the entire electrification in infra and industries. Siemens would be prime beneficiary of the capex cycle.**Key Risk :**Slowdown in infrastrucure activity.

SKF India Ltd

In Q1FY25 SKF India reported revenues of Rs.1206.2 cr up by 4.9% y-o-y, PAT was Rs.158.9 cr up by 2.9% y-o-y. Revenue growth in Q1FY25 was tepid due to lower contribution from railway/wind and slowdown in aftermarket due to elections. Management has mentioned that adverse pricing environment in railways/wind and rising competition in ball-bearing from unorganized market are key near-term challenges for the company. Rising proportion of manufacturing mix has not resulted in margin increase due to abnormally higher margin in base year. Infrastructure led sectors will continue to show strong growth for SKF India. Management is hopeful that margin levers do exist including localization/pricing/portfolio clean up. Management mentioned that it is possible to grow higher than industry driven by more localisation, focus on high growth segment, developing new product in high growth segment with OEMs, increase wallet share in existing customer by providing more solutions including services segments. The fastest growing segments are EV bearings, bearing for hybrid and ceramic range, high speed trains, semi-conductor segments and high speed & low friction bearing for machine tools, Currently 30 new products are in the pipeline. Considering SKF's leadership in domestic bearings with focus on margin improvement through increased indigenization, leadership position in industrial aftermarket and new product development initiatives bodes well for future growth for SKF India. **Key Risk :** Slowdown in manufacturing and Auto.

Schaefler India

In Q1FY25 Schaeffler India reported revenues of Rs.2071.9 cr up by 13.3% y-o-y, PAT was Rs.253.5 cr up by 12.2% y-o-y. Company has got business wins in new products for Commercial Vehicles, Passenger vehicles, Electric vehicles and vehicles lifetime solutions. Exports has been 15% of the revenues and management remains optimistic. Capex plan is Rs.1500 crore for 3 years and management remain on track for the same. Railways is around 3-5% of the business and focus remains on Metro, passenger wagons & locomotives. Tractors as segment has bottomed out and recovery is visible. Some products are imported where volumes are low and localisation is done as volumes improve. We continue to like its focused approach on localization, rebound in export markets, and increased investments in R&D for advanced technologies.**Key Risk :** Slowdown in exports and domestic economy.

Vesuvius India Ltd

In Q1FY25 Vesuvius India reported revenues of Rs.462.4 cr up by 14.2% y-o-y, PAT was Rs.67.4 cr up by 28.9% y-o-y. Vesuvius is consistently reporting healthy margins above 19% owing to high margin newer products and high level of service income. Vesuvius has market leading position in flow control (50% market share). It is expanding into advanced refractories with technology support from its parent. Vesuvius is a key beneficiary of India's steel capacity expansion (particularly flat steel). The company has spent capex of Rs1.2bn in 1HCY24 and on track to spend Rs10bn in next few years. In last two year and six months, the company spent total Rs4.3bn, which is yet to capitalised in revenue in coming years. The company strategy to manufacture new products and more inhouse manufacture in India, it will drive the growth for the company.**Key Risk :** slowdown in steel and metals sector.

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