

6th March 2024

Rockstars of December 2023 Quarter Results - Series 8

Long-Term Investment Ideas (12 Months)



Investment aur Trust, Dono



Performance of Rockstars of Quarterly Results

We started this product on 16th June 2022 to offer our investors (A) An insight on the latest concluded quarterly result season, (B) Take basket approach towards best performing businesses and (C) Ride on result driven capital appreciation story in equity market. The key features cum benefits of the product are as follows:

- Best suited for medium and long-term investors
- Helps in adequate risk diversification through investment in a basket of stocks
- To have a glimpse of key sectoral developments and align the portfolio as per the current market flavor
- Ride-on stocks that have reported strong YoY and QoQ growth in earnings and are available at a decent valuation
- Helps retail investors to take informed investment decisions

Our stock selection philosophy remains uncompromised with a focus on stocks having 1) Strong management backed by solid corporate governance, 2) Supportive industry outlook along with strong business growth visibility, 3) Attractive margins, return ratios and healthy balance sheet and 4) Strong historical track record

The summary of total calls initiated in the product till date are as follows:

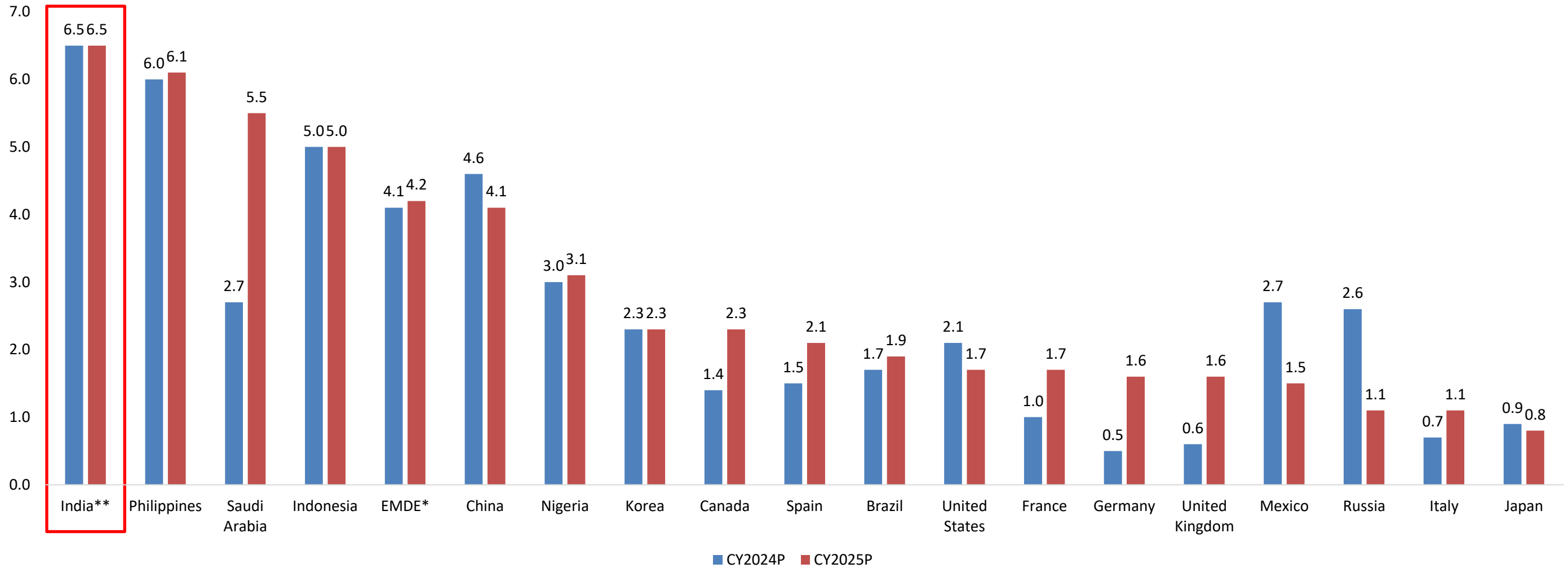
Total calls initiated	74
No. of profit booked calls	67
No. of calls open	7
Strike Rate	94.0%
Average profit per call (closed)	16.4%
Average no. of holding days in closed calls	147 Days
Total net return if Rs 1 lakh invested in all closed calls post 1% brokerage	10,31,890.5
Total return if Rs 1 Lakh invested in all open calls (CMP as of 4th Mar 2024)	-45,030.9

Performa absolute return
assuming the position is
closed in all calls

Rs 9,86,859.7/-

GDP Growth – India is one of the fastest growing economies in the world

Real GDP, Annual % Change



Source: IMF, SSL Research

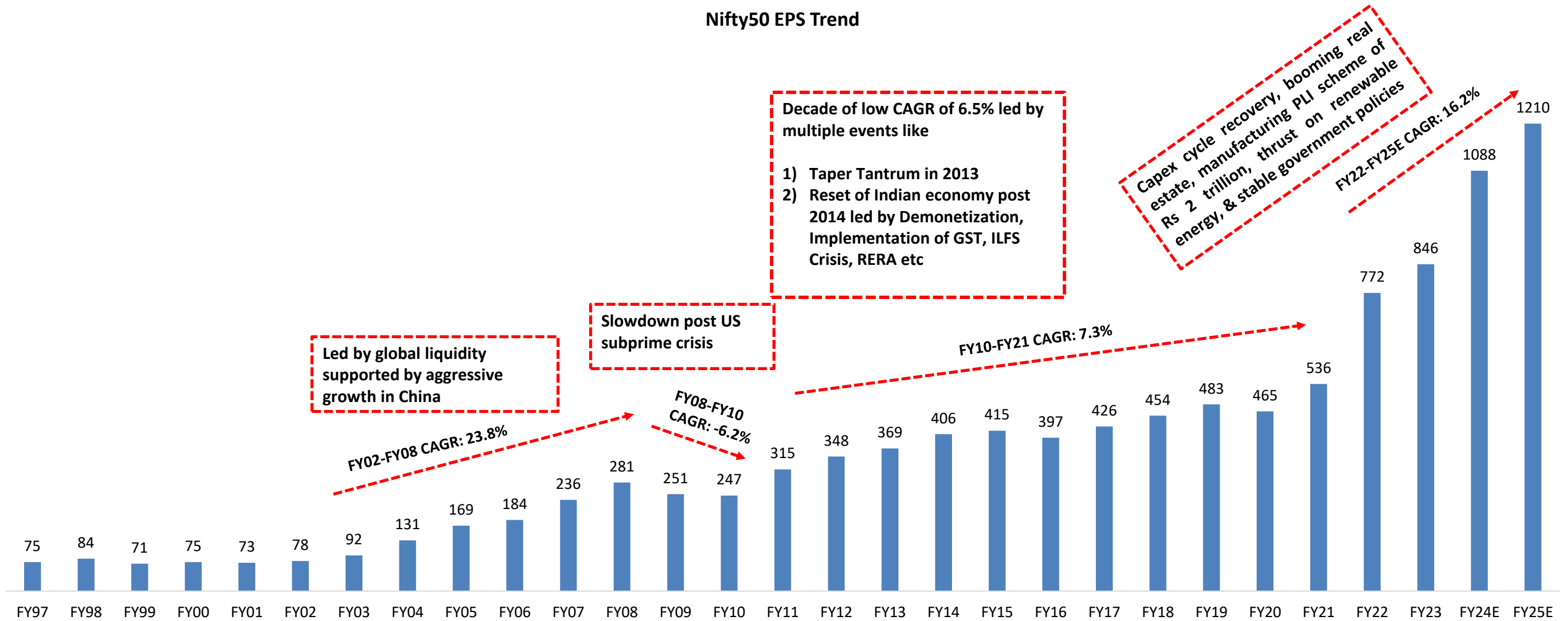
*EMDE: Emerging Market & Developing Economies

**Data and forecasts are presented on a fiscal year basis.

As per the latest IMF's projections, India will remain a fastest growing large economy in the world with an estimated growth of 6.5% each for FY24 and FY25.

Nifty50 earnings well poised to grow in double digit

Nifty50 EPS Trend

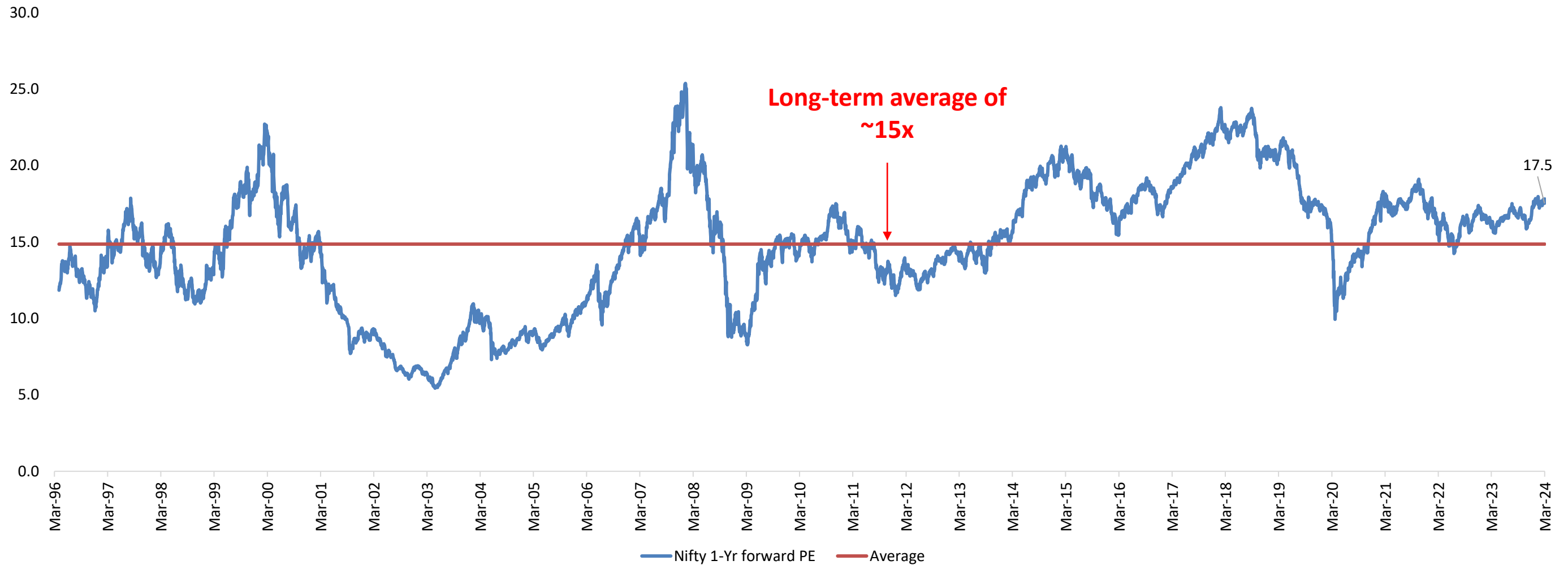


Source: Bloomberg, SSL Research

Nifty50 FY23-FY25E EPS expected to grow at a CAGR of 16.2%.

Nifty50 trading at 1 Year Forward Rolling P/E multiple of 17.5x

Nifty 1-Yr Rolling Forward PE

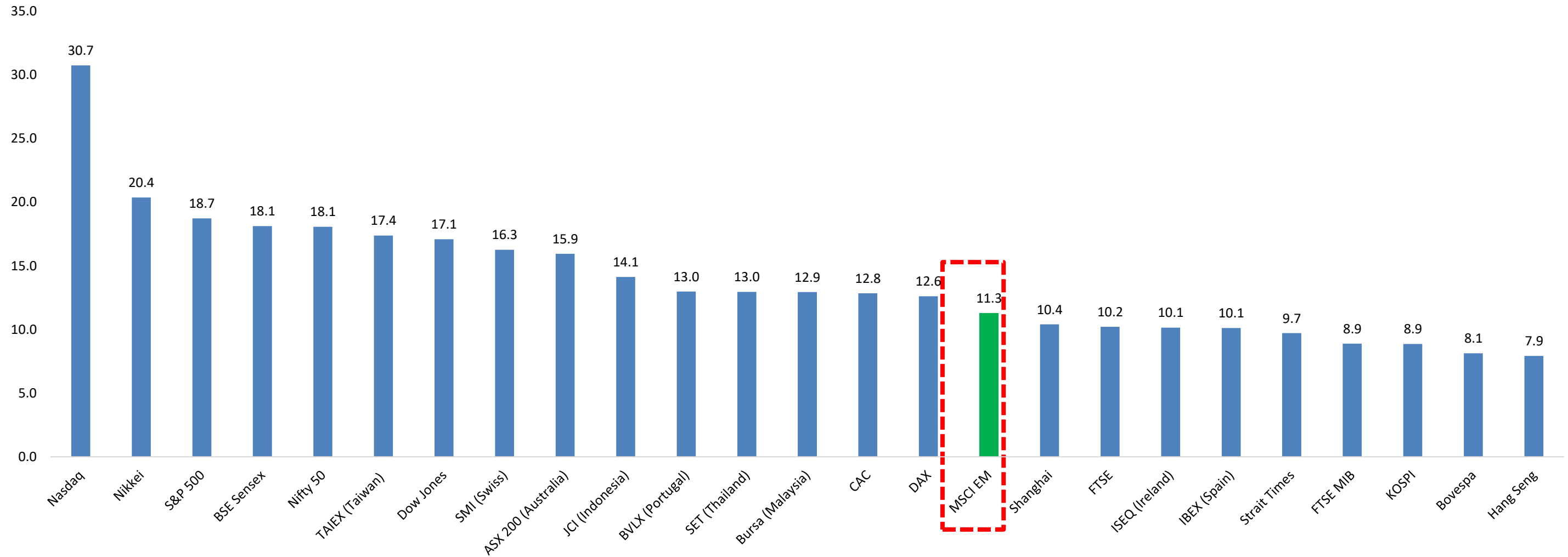


Source: Bloomberg, SSL Research

Nifty50 trading at 1 Yr Fwd Rolling P/E multiple of 17.5x which is mildly higher than its long term average band of 15-17x. The premium valuation however is well supported by robust earnings growth, stable government policies, recovery in capex cycle and huge thrust on infrastructure development.

Indian market trading relatively at cheaper valuation than developed markets

FY24 P/E Ratio



Source: Bloomberg, SSL Research

Despite premium valuation, Indian market is trading at cheaper valuation v/s developed markets like USA and Japan. Nifty50/Sensex PE however are trading at a premium of 60% to the MSCI EM valuation. We believe, India will continue to trade at a premium valuation due to stable economic and political environment, strong earnings growth of corporate, marked improvement in asset quality and healthy return ratios.

Risk Factors

General Election Results

With favourable State election outcome and a balanced interim budget 2024-25, all eyes now will be on the General Election outcome scheduled to be held in Apr-May 2024. The imposition of the code of conduct from the date of announcement of the election schedule upto the completion of the final phase of voting is expected to slow down execution of infrastructure projects which have been driving the economy over the last few quarters. No fresh projects will be awarded by the Govt and the PSUs during the code of conduct period.

US Fed Rate Trajectory

While the Fed has indicated that it is done with rate hikes for now, the US economy continues to stay resilient. The inflation data, job environment and bond yields suggests rate cuts are still away from reality at least for next 4-6 months. The extent of the rate cuts (75 bps factored by the market in 2024) could also get reduced if the US economy continues to do well and inflation remains sticky.

Geo-Political Tension

The ongoing conflict in West Asia could escalate further. The Red Sea crisis has disrupted the shipping operations with consignments taking longer time for delivery. Freight costs too have escalated resulting in delayed exports from India as well as threatening India's energy security. Cheaper Russian crude oil that Indian refiners were sourcing has turned expensive following the rise in shipping and insurance costs through the conflict ridden Red Sea channel.

Relatively stretched valuation

Indian equity market is trading at relatively premium valuation to its global peers like MSCI emerging market, FTSE, CAC, DAX, and Taiwan etc. At the current Nifty level of 22,400, the index is trading at 17.5x of its 1Yr rolling FWD PE which is mildly higher than its historical PE band of 15-17x. We, however, believe that India will command a premium valuation due to relatively higher earnings growth (16.2% CAGR over FY23-25E), strong GDP growth, political stability and continuity in policies and reforms.



BFSI

- **Key Takeaways in 3QFY24:** The banking sector results were slightly muted sequentially. The loan growth was majorly driven by growth in the retail and SMEs segment along with slight improvement in the corporate segment. The corporate book saw a gradual uptick due to positive capex push and improved working capital requirement. Banks have slowed their unsecured books and focused on secured segments due to RBI regulations on the RWA front. Deposit growth remained muted due to tight liquidity on the overall system level. Going ahead, low-cost CASA deposit franchises will be an important factor for Banks to maintain loan growth.
- **Profitability remained sequentially muted for the Banks** (A universe of 40 banks): NII grew by 11% YoY and 3% QoQ to Rs 2,00,162 cr and PAT growth stood at 15% YoY but declined 3% QoQ to Rs 76,302 cr. The loan growth has reduced sequentially led by slower growth on the deposit front. The NIM pressure is expected to continue in 4QFY24 due to stiff competition on the CASA front as well as overall tightness in liquidity. During the quarter, floods in Tamil Nadu as well as RBI guidelines on the AIF portfolio have led to higher credit costs. The CRAR remained affected by 50-70 bps due to an increase in RWA in the unsecured book. On the PSU Banks front, incremental provisions in the bipartite agreement and pension liability have led to higher employee expenses during the quarter. On the asset quality front, the recovery and upgrades in the PSU banks have remained strong which has led to lower net slippages.
- **NBFCs** (A universe of 50 NBFCs): NII stood at Rs 71,060 cr growing at 14% YoY and declining 5% QoQ while PAT stood at Rs 27,875 cr, remaining stable on a YoY basis and declining by 3 % QoQ basis. The companies have reported healthy growth in AUM driven by an improvement in disbursements. Margin trends during the quarter remained affected mainly led by the increase in CoF due to the rise in risk weights for NBFCs along with tight liquidity conditions. However, Gold financiers reported margin improvement owing to an improvement in gold loan yields. Asset quality remained stable for most lenders, except Microfinanciers which reported a slight deterioration in asset quality owing to the impact of TN floods. However, credit costs remained under check for most lenders, the asset quality stress in the unsecured lending segment has been visible throughout the industry.
- Our preferred picks under BFSI are **HDFC Bank, Axis Bank, IndusInd Bank, Jio Financials, UTI AMC, Nuvama, 360 WAM, Nippon Life AMC, Poonawalla Fincorp, Karur Vysya Bank, Federal Bank, RBL Bank, Shriram Finance, Cholamandalam Investment & Finance (CIFC), ICICI Bank, and Bajaj Finance.**



IT/ITES

- **Performance broadly in-line; Capacity utilization led to margin expansion:** The performance of IT companies were broadly in-line with expectations as the quarter was a seasonally weak given lower number of working days. Top 40 companies by market cap. (Rs 500 cr and above) reported 2.1%/2.2%/1.9% QoQ growth in Rupee Revenue/EBITDA/PAT to Rs 2,05,900.1 cr/ Rs 43,510.1 cr/ Rs 30,108.4 cr respectively. Most companies have witnessed sequential improvement in margins driven by lower attrition, better cost management and higher capacity utilization. The deal wins remained solid (Infosys' 9MFY24 large deal @ \$13.2 bn is highest, HCL Tech YTD deal pipeline at \$7.4 bn, Wipro recorded 20% YTD growth in large deals, TCS deal pipeline @ \$8.1 bn). The deal ramp-up though is being pushed by 1 or 2 quarters for some companies. The headcount, for most companies, has seen sequential decline during 3QFY24 as the focus is now more on converting talent into billable workforce.
- **Outlook:** While management expect reversal of furloughs during 4QFY24, the clarity on client IT budget for CY24 will come post 4QFY24 results. Midcap IT with double digit growth are expected to do better than tier-1 companies. The areas like Gen-AI, cyber security, data security, cloud migration are expected to be growth drivers. Overall, the management of IT companies are cautiously optimistic on outlook as global macro environment is still challenging and discretionary projects persistently facing slow decision making or deferment of projects.
- Our preferred picks under the sector are **KPIT Tech, Mastek, OFSS, TCS, LTI Mindtree, LTTS, Coforge, and FSL.**

Key takeaways of Chemical and Agro-chemicals sector



Chemicals & Agro-Chemicals

- The Revenue/EBITDA/PAT for a sample of 59 companies declined 24%/33%/40% YoY respectively to Rs. 49,316 cr/ 6,035 cr/ 3,594 cr. Sequentially too, there was a decline of 15%/24%/40% in the revenue/EBITDA/PAT.
- The biggest drag on the performance was the agrochemical segment which continues to suffer from high inventory globally. The offtake of agrochemicals has been muted due to high prices as well as lower acreages both in India and globally due to adverse El Nino weather conditions. Both crop protection and fertilizer companies have had to deal with unsold inventory. Demand from the refrigerant segment too has been subdued in a seasonally weak quarter. Lower realisations across HFCs in global markets have impacted the margins.
- Demand from the discretionary sectors such as dyes, pigments, paints, textile and polymers continued their sequential recovery in 3QFY24.
- Commodity chemical companies reported a weak quarter with adverse spreads between the end product and the raw materials leading to lower margins and profitability. Low demand coupled with dumping from China and higher imports from Turkey, Russia and the Middle East for key commodity chemicals such as soda ash, ammonium nitrate and PVC impacted the 3QFY24 performance of companies such as Tata Chemicals, GHCL, Deepak Fertilizers and Chemplast Sanmar.
- **Recovery delayed to FY25:** The demand environment for the industry is gradually improving. Majority of the companies expect the destocking by their clients to get over by 4QFY24/1QFY25. The ongoing Red Sea crisis is resulting in delayed shipments to key export markets of US and Europe. The freight costs have also risen resulting in deferment of orders from international clients.
- The industry growth will also depend on the economic recovery in key consumption regions such as USA, EU and China. Early weather predictions suggest that the El Nino phenomenon which dominated much of 2023 is likely to weaken and the rain inducing La Nina effect is expected to take shape. This will result in a normal monsoon in India in 2024 as well as improve the agriculture output in EU, USA and Latin America which will boost the agrochemicals demand.
- Our preferred picks in the sector with a long term investment perspective include stocks such as **Ami Organics, Sudarshan Chemicals, Fairchem Organics, Dharmaj Crop Guard, PCBL, S H Kelkar and NOCIL.**

Key takeaways of Automobile sector



Automobile

- **Auto OEMs:** A sample of 13 companies reported Revenue/EBITDA/PAT growth of 21%/38%/71% YoY during 3QFY24 to Rs 2,14,692 cr/Rs 38,121 cr /Rs 18,210 cr respectively.
- **Passenger Vehicles:** The industry volumes grew 26% YoY in 3QFY24 led by the sale of SUVs. 3QFY24 volume growth for MSIL/TaMo/M&M stood at 8%/5%/30% YoY respectively. M&M outperformed the industry led by ramp up of its production with easing of component and semiconductor shortage and excellent response to the XUV 700, Thar and Scorpio N models.
- **Two-Wheelers:** Recovery in the rural sentiment as well as launches of premium motorcycles and electric scooters led to 26% YoY growth in the industry volumes in 3QFY24. Hero MotoCorp/TVS Motor/Bajaj Auto/Eicher Motors reported 18%/27%/22%/4% YoY 2W volume growth during the quarter. Rising premiumization along with healthy volume growth and stable raw material costs led to YoY margin expansion for all the 4 companies.
- **Commercial Vehicles:** The industry reported flattish volume growth in 3QFY24. CV volumes for ALL/TaMo/M&M/VECV grew -1%/+2%/ +9%/+14% YoY. Price hikes taken in previous quarters aided the realisations.
- **Tractor:** The domestic tractor industry volumes declined 5% YoY. The lower kharif harvest and delayed rabi sowing has impacted the farmer sentiment. The export markets also continue to face headwinds with key agricultural regions of Europe and Latin America impacted by the adverse El Nino weather conditions. Export volumes declined 27% for the industry in 3QFY24.
- **Auto Ancillaries:** During 3QFY24, sample of 85 auto ancillary companies with market cap of Rs 500 cr and above reported Sales/EBITDA/PAT growth of 14%/42%/90% YoY to Rs 1,22,252 cr/Rs 16,087 cr/Rs 7,728 cr respectively. The EBITDA margin for the universe expanded 260 bps YoY to 13.2% driven by operating leverage, ramp up of new orders and higher content per vehicle.
- The premiumization trend in PV and 2W segment as well as the electrification of powertrains is driving the average kit value higher for most of the auto component suppliers particularly in segments such as tyres, electronics, interior systems, braking systems and forging and casting.
- Our top picks in the sector include **Maruti Suzuki, Eicher Motors, Hero MotoCorp, TVS Motors, Tata Motors, M&M, Bharat Forge, Ashok Leyland, Uno Minda, Pricol, Minda Corp, Gabriel India, Ramkrishna Forging, MM Forging, Happy Forging, Lumax Auto Tech and JK Tyre**

Key takeaways of Healthcare & Pharmaceutical sector



Healthcare & Pharma

- In **Healthcare**, most of the **pharmaceutical** companies in 3QFY24 recorded healthy growth on the back of i) robust performance in domestic market, ii) strong traction in US generics, iii) recovery in Latin America, Europe & Emerging markets and iv) new generic & specialty launches. In US, price erosion stabilized in mid to high single digits with API prices stabilizing near pre-covid levels. The Indian Pharmaceutical Market (IPM) recorded robust growth aided by anti-infectives, pain management, oncology, cardiology and gastrointestinal therapies; while anti-diabetic and dermatology therapies recorded subdued growth in 3QFY24. Chronic therapeutics continued their growth trajectory and acute therapies showed early signs of recovery during the quarter. Most of the companies saw improvement in gross and operating margins led by softening raw material/API prices, increased sales volume and favorable product mix. The management of most pharmaceutical companies remained optimistic about achieving their FY24 guidance and continue their current growth trajectory led by increased filings in the US and Europe and traction in new launches. However, export-oriented companies are expected to face headwinds in 4QFY24 led by geopolitical issues in Red Sea which according to majority pharma companies will cause escalated freight costs and increased inventory by an average of ~10 days.
- A sample of 100 companies with market capitalization of Rs 500 cr and above reported Revenue/EBITDA/PAT growth of 11.8%/22.2%/34.5% YoY to Rs 1,03,432 cr/Rs 22,692 cr/Rs 14,335 cr respectively, while growth on a sequential basis remained flattish. EBITDA margin for 3QFY24 stood at 21.9% vs 20.1% YoY.
- Our top picks in the sector include **Sun Pharmaceutical Industries, Cipla, Lupin, Ajanta Pharma, FDC, Jubilant Pharmanova, Supriya Lifescience, Windlas Biotech** etc.



Consumption

- The performance of the overall Consumption pack was mixed with Liquor, Paints, Plastic Products, Textiles, Consumer Staples, Packaging and Jewellery companies faring better while Paper and Sugar companies reported weak numbers.
- **FMCG – Consumer Staples:** Overall demand trends remained similar to the previous quarter in Consumer Staples category. Challenging environment persisted with no visible signs of strong revival in consumption sentiment. The rural market continued to lag urban market growth. Yield of winter crop and disposable income will need to be watched for any recovery in rural demand. FMCG companies having exposure in Africa and Latin America continued to see the impact of currency devaluation, though the growth in CC terms was decent. In pure play FMCG business, large companies like HUL, Britannia as well as Mrs. Bectors Food in the Midcap space witnessed continued rise in competition from local or unorganised players due to easing commodity prices. In order to beat competition, few players like Britannia cut prices during the quarter (4% YoY and 2-2.5% QoQ). Downtrading was witnessed in the face of high inflation. The narrative of volume driven growth along with premiumization strategy continues in the FMCG space. Competitive intensity is likely to remain within the bakery and biscuits segment.
- On the input prices front, prices of Palm Oil/Laminates/Corrugated Boxes corrected 18%/9%/16% YoY and 2%/0%/3% QoQ respectively during the quarter. Flour prices dipped 1% QoQ but were up 10% YoY. Sugar prices were up 8%/7% YoY/QoQ respectively. A list of 41 Consumer Staple companies having market cap. of Rs 500 cr and above reported Sales/EBITDA/PAT growth of 0.5%/2.6%/4.7% YoY at Rs 98,252 cr, Rs 18,379 cr and Rs 13,106 cr respectively. EBITDA margin saw marginal increase of 40 bps YoY to 18.7%. In Consumer Staple space, investors can focus on companies like **Tata Consumer Products, Godrej Consumer Products, Bajaj Consumer and ITC.**



Consumption

- **Jewellery:** Demand trend continued to remain resilient for most jewellery players in 3Q supported by huge response from festivals such as Dhanteras, Navratri, Durga Puja, Diwali and high number of weddings during the quarter. A set of 7 listed jewellery companies having market cap. of Rs 500 cr and above reported Sales/EBITDA/PAT growth of 25.0%/16.9%/17.3% YoY to Rs 23,564 cr/Rs 2,343 cr/Rs 1,475 cr respectively. EBITDA margin slipped 69 bps YoY to 9.9% as advertising spends of big players like Titan and Kalyan Jewellers remained elevated due to high gold prices YoY. The SSSG, wherever published, was in early double-digits. Kalyan Jewellers reported 11% SSSG for 3QFY24 while Senco Gold reported 17% SSSG for 9MFY24. Healthy store expansion continued with Kalyan adding 22 net showrooms while Titan added 18 new stores of Tanishq and 16 new stores of Mia in India during the quarter. Senco net added 19 stores in 9MFY24. The 4QFY24 can be subdued for the jewellery sector due to lack of growth triggers in the backdrop of robust demand witnessed during Dec'23 quarter. Within the jewellery space, we like **Titan, Senco Gold and Kalyan Jewellers.**
- **Paints:** Paint companies witnessed healthy demand during the quarter led by extended festive season which moderated in the latter part of the quarter. A set of 6 listed companies with market cap. of Rs 500 cr and above reported Sales/EBITDA/PAT growth of 6.1%/28.3%/36/0% YoY to Rs 15,408 cr/Rs 3,002 cr/Rs 2,041 cr respectively. EBITDA margin expanded 340 bps YoY to 19.5% partly led by softening raw material prices and operational efficiencies of big players like Asian Paints, Berger Paints and Kansai Nerolac Paints. The input cost may remain volatile going ahead owing to the on-going geopolitical issues. We like Asian Paints, Berger Paints, Kansai Nerolac Paints, Akzo Nobel and Indigo Paints in the sector. Competitive intensity is likely to increase with probability of price war due to foray of Grasim Industries in Paints business.



Consumption

- **Retail-Apparels:** The Apparels category posted healthy numbers led by festivals and wedding season. However, the demand trend continued to remain weak in the segment otherwise. A total of 9 Apparel companies having market cap of Rs 500 cr and above posted Sales/EBITDA/PAT growth of 21.3%/35.5%/27.3% YoY to Rs 12,589 cr/Rs 2,039 cr/Rs 509 cr respectively. EBITDA margin of these companies combined grew 170 bps YoY to 16.2%. Leading Indian celebration wear player Vedant Fashions (Manyavar, Mohey) reported healthy performance with Sales growing 7.5%/117.3% YoY/QoQ to Rs 474 cr and PAT growing 4.9%/223.7% QoQ/YoY to Rs 158 cr during the quarter.
- Aditya Birla Fashion & Retail (ABFRL) remained low on discounting as it prioritized profitability over revenue growth in a tough market environment. The company witnessed continued slowdown in demand and low footfall. ABFRL's sales grew 16.1% YoY to Rs 4,167 cr but it reported net loss of Rs 108 cr vs. PAT of Rs 11 cr in 3QFY23.
- Trent was outlier in the category clocking Sales/EBITDA/PAT growth of 50.5%/94.5%/124.2% at Rs 3,467 cr/Rs 629 cr/Rs 374 cr respectively.
- In the Retail-Apparels space, we like branded players like **Trent, Arvind Fashion, ABFRL, Go Fashion** from long term perspective.



QSR/Food Services

- **3QFY24 performance:** A sample of 6 QSR companies reported a meagre Sales/EBITDA growth of 5.6%/1.7% YoY at Rs 4,414 cr/Rs 775 cr respectively. PAT declined 60.9% YoY to Rs 67 cr, largely led by net loss of Restaurant Brands Asia of Rs 40 cr. EBITDA margin was flat YoY at 18%.
- **Input prices check:** Input cost broadly remained stable during the quarter. Dairy prices continued to remain at elevated levels. Vegetable prices also started to hit from 1QFY24. Going forward, management of QSR companies will focus on improving internal efficiencies and opportunities to improve margins.
- **Demand trend:** The industry continued to witness demand slowdown for fourth quarter in a row. Higher vegetarian days in Oct'23 impacted non-veg segment. Overall the quarter did not fare well despite shift in festive demand, as was expected by most QSR players in the 2QFY24. The near term outlook for QSR players remains cautiously optimistic due to continued consumer demand headwinds and increase in competitive intensity.
- However, QSR companies' continuous store building strategy exhibits long-term growth story to continue in the industry. Jubilant Foodworks is also re-investing into brands and re-imaging of stores. (Re-imaged 33 stores in 3QFY24, 66 stores in 9MFY24 and is on track to re-image 100 stores in FY24).
- Stocks to focus from long term perspective are **RBA, Sapphire Foods and Devyani International.**



Cement

- **3QFY24 sector performance:** The quarter fared well for most of the industry players ahead of the elections. While sales growth was decent, EBITDA and PAT growth was robust on account of low input cost pressure. A set of 24 cement companies having market cap. of Rs 500 cr or more registered Sales/EBITDA/PAT growth of 8.5%/66.1%/126.4% YoY to Rs 55,383 cr, Rs 10,083 cr and Rs 4,514 cr respectively. The EBITDA margin continued to see sharp improvement benefitting from the use of low-cost fuel inventory. The combined EBITDA margin of these 24 companies grew 631 bps YoY to 18.2%. On a sequential basis also, these companies together posted growth of 5.4%/30.9%/44.1% in Sales/EBITDA/PAT respectively while EBITDA margin grew 354 bps.
- Out of the 24 listed cement companies, sales volume was available for 15 companies which reported YoY sales volume growth of 5.7% at 83.4 mn tonnes. Sequentially it was up only 1.3% due to uneven rainfall and festive season.
- **Price trends:** The cement prices were muted during the quarter. The price increase done in November month was reversed during the end of December leaving virtually no increase in cement prices QoQ. In 4QFY24, the average India cement prices are further expected to remain either stable or may see minor dip due to slow down in construction activities ahead of elections. However, big players like Dalmia Bharat believes prices likely to grow at 1.5-2.0% CAGR over the long term despite muted outlook for price rise in short term.
- **Near-term outlook:** Except for UltraTech, many cement companies have highlighted muted demand for March'24 quarter on account of elections. However, long term cement demand looks on a healthier side given the increase in private capex, infrastructure push by government and healthy housing demand. The sector is likely to see ~8-10% volume growth in FY24. However, prices are likely to remain stable or see only minor increase as a consequence of healthy capacity additions during the year. The benefit of low-cost fuel inventory consumption will likely continue in 4QFY24 as well. A lot of mid/large sized companies are continuing on their aggressive expansion strategies to meet the robust demand from the rapid infrastructural activities.
- Our top picks in the sector are **UltraTech Cement, JK Cement, JK Lakshmi Cement, Birla Corp, Star Cement and Sagar Cements.**



Real Estate

- It was a mixed bag for Real Estate sector with few companies such as DLF, Godrej Properties, Phoenix Mills, Brigade Enterprises, Keystone Realtors, etc. clocking YoY growth in sales and profits while Oberoi Realty, Prestige Estates, Sobha, Sunteck Realty, etc. posted YoY decline in their sales and PAT. A sample of 29 companies with market cap of Rs 500 cr and above reported 1.6%/2.1% YoY/QoQ growth in net sales at Rs 13,067 cr. Net profit grew 307.7% YoY but dipped 36.1% QoQ to Rs 1,807 cr.
- Godrej Properties continued to deliver record breaking quarterly sales booking of Rs 5,720 cr, up 76% YoY, from the sale of 4.34 million sq. ft. The company is running on track to achieve its FY24 guidance. It has achieved 93% of the sales booking guidance of Rs 14,000 cr for FY24, 67% of the customer collections guidance of Rs 10,000 cr and 52% of the project deliveries guidance of 12.5 msf as of 9MFY24.
- DLF also recorded highest quarterly sales booking of Rs 9,047 cr, up 3.6x YoY driven by strong traction in new products and existing inventory. The company achieved its full year sales booking target in 9MFY24. Macrotech Developers (Lodha) also did its best ever third quarter pre-sales performance with a 12% YoY growth at Rs 3,410 cr. It added three new projects during the quarter with a GDV of ~Rs 6,000 cr.
- **Demand environment to remain healthy:** We believe as the interest rate cycle is peaking-out, the residential real estate is unlikely to face any major headwinds. The sector is witnessing a multi-year up cycle. Given the low inventory levels and improving affordability, the demand environment is expected to remain strong in next 2-3 years.
- **Strong balance sheet; Average borrowing cost increased:** DLF is debt free on net basis, Godrej Properties' net D/E stands at 0.9x; Macrotech net debt outstanding as of Sep'23 is Rs 6,904 cr and is expected to maintain net D/E below 1x.
- **Summary:** Overall outlook for residential real estate business and rental business is robust in medium to long term. In the Real Estate space, we like **Godrej Properties, Macrotech (Lodha), DLF, Phoenix Mills, Prestige Estates, Sobha, Brigade Enterprises and small players like Arihant Superstructures.**



Hotel & Tourism

- **Hotels & Tourism:** Overall long term growth outlook continues to be promising for the branded hotel industry (Hotel Demand usually grows at 1.4x Real GDP growth) with demand likely to outpace the supply. During FY23-FY28E period, demand for the branded hotel rooms is likely to grow at CAGR of 8-10% v/s supply CAGR of 5-6%. Moreover, 67% of the incremental supply is coming into Economy, Midmarket and Upper Midmarket segment and 75% is in Tier 2/3 markets. Supply in top 10 markets will be limited. (Source: IHCL 3QFY24 result presentation). For CY23, Indian hotel industry has witnessed occupancy of 63.6% (up 4% YoY); ARR of Rs 7,479 (up 22% YoY) and RevPAR of Rs 4,757 (up 30% YoY) (Source: Horwath HTL (India Hotel Market Review 2023) from EIH Presentation)
- In the medium to long term, impetus of government to promote India as a global tourist destination by 2030 (will boost inbound foreign tourist arrival) coupled with uptick in domestic leisure, wedding, MICE and business travels will act as growth driver for Hotel industry.
- During 3QFY24, majority of the players (like Indian Hotel, Chalet, EIH, Lemon Tree delivered record performance in 3QFY24) reported continuation of growth momentum with YoY improvement in ARR, Occupancy, RevPAR and continue to enjoy robust balance sheet. In addition, with focus shifting towards asset-light model, hotel operators have witnessed improvement in management fees too. All the players have robust pipeline of room inventory addition in the medium term {Indian Hotel: 88 properties in pipeline over operational 216 properties (107 – Taj; 94 - Vivanta; Ginger – 89. Management contract will account for 76% of the pipeline addition for Indian Hotels}; Chalet will add 870 keys/2.0 mn sq ft commercial space by FY27 on top of 2,894 keys/1.2 mn sq ft commercial space as of Dec23; Lemon Tree to add 3,746 rooms across 55 hotels vs current operational portfolio of 9,687 rooms across 100 hotels); Overall, outlook for FY25 seems to be robust with majority of the players likely to report 2-digit revenue growth.
- In terms of valuations, Indian Hotels, Lemon Tree, EIH & Chalet is trading at TTM PE multiple of 66x, 71x, 107x and 72.5x respectively. Valuations are close to the fair value band and henceforth, one can expect modest return of ~10-15% in the hotel space, inline with the earnings growth. Key risk factors to the growth story of Hotels industry are: (1) Consumption slowdown leading to demand supply mismatch (2) Any unforeseen event leading to travel restrictions by the government.
- Our top picks: **Indian Hotel & Apeejay Surrendra Park Hotels**



Metals and Mining

- **Ferrous:** India's crude steel production grew 14.0% YoY and 2.6% QoQ to 35.9 mnt in 3QFY24 driven by robust domestic demand (construction, real estate and automobile sectors). India's finished steel consumption rose 12.0% YoY and 4.9% QoQ to 35.2 mnt in 3QFY24. Steel exports declined 16.5% sequentially due to weak steel prices in international market in 3QFY24. India continued to be net importer in 3QFY24 and 9MFY24. Steel imports increased by 14.6%/16.1% YoY/QoQ to 2.6 mnt in 3QFY24. Further imports, grew 29.1% YoY during 9MFY24 primarily driven by growth in semis and HRC imports.
- **3QFY24 Result takeaways:** Ferrous metals companies witnessed improvement in operating performance YoY primarily on account of lower input costs; Volumes and ASP largely remained flat.
- **Outlook:** We expect margins to remain flat or may come under pressure QoQ on account of rise in coking coal prices and steel prices remaining muted.
- **Non-Ferrous:** In 3QFY24, the domestic aluminium demand is likely to reach 1,269 kt (9% YoY growth) primarily led by healthy demand in Electrical. The domestic demand for Aluminium Flat Rolled Products (FRP) Industry in FY24 is expected to be flattish YoY as the growth in Auto, Construction and Consumer durable is offset by weakness in packaging. In 3QFY24, the domestic copper market demand increased by ~4% YoY at 198 kt vs 190 kt in 3QFY23, whereas sequentially declined by 1%.
- **Highlights of 3QFY24 Results:** (a) Novelis's Bay Minette facility has increased its capex by 65% to \$4.1 bn of which \$750 mn is expected to be spent by Mar'24 and the remaining in FY25-26. The project is anticipated to commission in second half of CY26. It has guided to post EBITDA/t of \$525/t on back of shipments improving and operating leverage. (b) National Aluminium (NALCO) achieved strong growth with highest ever cumulative metal production and metal sale of 3,45,086 mtpa/3,49,419 mtpa in 9MFY24.
- During the quarter, universe of 69 companies with market cap of Rs 500 cr and above reported Sales/EBITDA/PAT growth of 2.1%/28.5%/53.4% YoY and -2.4%/19.1%/86.6% QoQ to Rs 3,27,973 cr/Rs 57,448 cr/Rs 26,771 cr respectively. OPM stood at 17.5% vs 13.9% YoY.
- Our preferred picks within the sector are **Tata Steel, Hindalco Industries, Jindal Steel and Power, Jindal Stainless, APL Apollo Tubes, Shyam Metalics and Energy, Usha Martin, Goodluck India, Venus Pipes and Tubes, etc.**

Key takeaways of Capital goods, Defence & Engineering sector



Capital Goods, Defence & Infrastructure.

- **Capital goods:** The sector continues to ride on strong capex drive from government and private segment. A sample of top 40 companies by market cap (Rs 500 cr and above) have reported 14.2%/17.8%/41.7% YoY growth in Revenue/EBITDA (Excl OI)/PAT to Rs 66,574.0 cr/Rs 7,414.3 cr/ Rs 6,313.9 cr respectively. EBITDA margin witnessed improvement of 30 bps/80 bps YoY/QoQ to 11.1%. The order book of the companies remained on a strong footing. L&T order book at Rs 4,69,800 cr (2.3x of 9MFY24 annualized sales), Siemens order at Rs 45,500 cr (2.3x of FY23 sales), Praj Inds with Rs 3,950 cr (1.2x 9MFY24 annualized sales), GE T&D at Rs 5,850 cr (1.9x of 9MFY24 annualized sales), Thermax at Rs 9,859 cr (1.5x of 9MFY24 annualized sales), ABB received Rs 12,319 cr order during CY23. The outlook remained positive however, there could be temporary blip in order inflows especially from government due to general election. The same is likely cushioned through private sector and export orders. Our preferred picks in this sector are **L&T, Siemens, Cummins India, Titagarh Wagons, Jupiter Wagons, Elecon Engg, Jash Engineering etc**
- **Defence:** The sector is reaping-in benefits of Defence modernization drive by Govt. of India and ongoing geopolitical tensions. Defence capex for the year (FY25E) is expected to be Rs 1.72 tn. (+9.4% YoY). A sample of 23 companies with market cap of Rs 500 cr and above have reported 8.0%/33.4%/29.3% YoY growth Revenue/EBITDA/PAT to Rs 19,444.6 cr/ Rs 4,300.4 cr/ Rs 3,679.7 cr respectively. Defence companies have reported strong order backlog which are 3-4x of their sales thus offers strong revenue visibility. Hindustan Aeronautics/Bharat Electronics/BEML/Zen Tech/Solar Inds/Astra Micro/Paras Defence have reported order book of ~Rs 82,000 cr/ Rs 76,217 cr/ Rs 12,743 cr/ ~Rs 1,500 cr / Rs 4,802 cr/ Rs 1,813 cr/ respectively translating into order book to sales ratio of 4.0x/3.9x/3.8x/3.9x/0.8x/2.5x of their 9MFY24 annualized sales. Our preferred picks in this sector are **Datta Patterns, Solar Inds, Bharat Electronics, Bharat Dynamics, Mazagon Dock Shipbuilders, Zen Technologies, Paras Defence, etc**
- **Infrastructure:** The performance for 3QFY24 has been strong with top 40 companies by market cap (Rs 500 cr and above) reporting 14.8%/22.1%/8.2% YoY growth in Sales/EBITDA/PAT to Rs 57,479.1 cr / Rs 7,590.7 cr / Rs 3,990.1 cr respectively. Despite lower bid invitation by NHAI (~50% fall versus FY23), the companies have robust growth visibility due to multiple growth levers like Renewable energy projects, Jal Jeevan Mission, PM Gati Shakti, PMAY, Water treatment etc. Power Mech Projects/KEC Int./Patel Engg./ITD Cem./Engineers India/J-Kumar have reported order book of Rs 57,328 cr/ Rs 30,161 cr/ Rs 19,135 cr/ Rs 20,825 cr / Rs 7,990 cr/ Rs 16,774 cr/ respectively translating into order book to sales ratio of 14.7x/1.6x/4.5x/2.9x/2.4x/3.6x of their 9MFY24 annualized sales. Our preferred pick are **NCC, Va-Tech Wabag, Indian Hume Pipes, Venus Pipes and Tubes, GMR Airports etc.**



Oil and Gas

- **Gas:** India's 3QFY24 gas consumption stood at 191.8 mmscmd (+24.4% YoY and 1.0% QoQ) driven by rising consumption across segments such as fertilizers, power, CGD, refining, petchem and other industrial segments.
- India's 3QFY24 LNG consumption stood at 90.0 mmscmd (+40.1% YoY and 2.4% QoQ). LNG's share in total gas consumption in 3QFY24/YTDFY24 stood at 46.9%/47.2% vs 41.7%/45% in 3QFY23/YTDFY23.
- **CGDs:** (a) **IGL:** The company's EBITDA came in lower sequentially primarily on account of APM gas allocation dipping to 78% in 3QFY24 vs 87% in 2QFY24. (b) **Gujarat Gas:** EBITDA came in lower YoY and sequentially due to higher gas costs. Total volumes grew 26% YoY to 9.2 mmscmd, on back of 36.5% YoY recovery in industrial volumes. However, QoQ, industrial volumes declined 6.3% as customers switched to propane on account of high gas costs. (c) **Mahanagar Gas:** MGL's EBITDA grew YoY on back of rise in EBITDA/scm. Volumes also grew, primarily due to CNG and I/C-PNG.
- **OMCs:** (a) **IOCL:** IOCL's EBITDA surged YoY on back of higher marketing margin and better GRM. (b) **BPCL:** EBITDA declined sequentially due to lower refining and gross marketing margins. However, YoY it improved significantly on back of expanding marketing margins. The company stated that the Mozambique project would restart by June-July '24. It has guided for a capex of Rs 100 bn/150 bn for FY24/FY25 respectively. (c) **HPCL:** HPCL's EBITDA declined sequentially due to lower marketing margin of Rs 2.7/litre led by suppressed margins on diesel. The company expects recovery to materialise in 4QFY24. It aims to clock a refining throughput of 22mmtpa in FY24 led by commissioning of expanded capacity at Vizag refinery.
- During the quarter, universe of 23 companies with market cap of Rs 500 cr and above reported Sales/EBITDA/PAT growth of -0.5%/30.3%/39.9% YoY and 8.5%/-21.4%/-24.8% QoQ to Rs 9,34,410 cr/Rs 99,289 cr/Rs 49,821 cr respectively.
- **Key stocks to be in focus are Reliance Industries, BPCL, Mahanagar Gas, Gail (India), Gujarat State Petronet (GSPL), Castrol India etc.**



Telecom

- **Bharti Airtel's** consolidated revenue grew by 5.9% YoY partially impacted due to the Naira devaluation in Nigeria. Overall customer base stands at ~551 million across 16 countries. Consolidated EBITDA stood at Rs 20,000 cr, up 7.8% YoY. Consolidated EBITDA margin at 52.9%, expanded by 94 bps YoY. Consolidated PAT was up 53.8% YoY to Rs 2,442 cr.
- India revenue stood at Rs 27,800 cr, up 11.4% YoY. India's customer base stands at ~ 397 million. Mobile revenues grew by 11.8% YoY on account of improved realisation and strong 4G/5G customer additions during the year. ARPU for the 3QFY24 stood at Rs 208 as compared to Rs 193/Rs 203 in 3QFY23/2QFY24 driven by consistent strategy of acquiring high value customers and improved realizations. Overall, Bharti Airtel reported inline set of results.
- **Reliance Jio's** revenue and EBITDA grew 11.3%/11.5% YoY to Rs 27,697 cr/Rs 13,955 cr respectively. EBITDA margin expanded by 10 bps YoY & QoQ to 50.4%. PAT increased by 11.6% YoY to Rs 5,445 cr. In 3QFY24, ARPU was flat QoQ and was up by 0.7% YoY at Rs 181.7. It witnessed robust addition of 11.2 mn subscribers in 3QFY24 and total customer count stands at 470.9 million.
- Capex in 3QFY24 stood at Rs 9.274 cr (India: Rs 7,756 cr) for Bharti Airtel. Capex is likely to moderate from FY25 onwards, as rollout of 5G network comes to the fag end.
- Industry is unlikely to see tariff hikes until the general elections in Apr-May24. In the absence of tariff hikes, incremental ARPU growth can be expected from data monetization, upgrading of 2G subscribers to 4G, 5G adoption by premium subscribers and conversion from prepaid to postpaid plans.
- One can ride the growth in telecom industry through players like **Tata Communication, Bharti Airtel, HFCL and Reliance Industries.**

Key performance indicators during 3QFY24

Sr No.	Company Name	FII Holding %			DII Holdings %			M. Cap (Rs cr)
		Dec-23	Dec-22	% Change in FII	Dec-23	Dec-22	% Change in DII Holdings	
1	Sona BLW Precis.	32.9	11.3	21.6	26.7	23.7	3.0	39,464.6
2	HDFC Bank	45.2	26.2	19.0	24.7	21.6	3.1	10,88,338.8
3	Five-Star Bus.Fi	22.3	6.5	15.8	4.9	2.1	2.8	19,983.3
4	Equitas Sma. Fin	19.6	4.1	15.5	43.3	14.6	28.7	11,469.2
5	Home First Finan	24.8	9.4	15.5	10.2	4.5	5.6	7,911.0
6	Cams Services	47.7	32.7	15.0	16.9	11.7	5.3	14,958.4
7	Delhivery	24.0	9.2	14.8	16.3	11.1	5.2	33,782.9
8	Titagarh Rail	20.0	5.3	14.8	12.1	6.8	5.4	12,616.9
9	Sapphire Foods	30.0	16.5	13.4	30.2	22.9	7.3	9,623.2
10	Coforge	34.0	21.3	12.7	54.1	26.4	27.7	39,815.8
11	PB Fintech.	33.0	20.4	12.6	14.1	10.3	3.8	49,903.1
12	Embassy Off.REIT	40.5	28.4	12.1	26.4	10.5	15.9	35,404.8
13	One 97	18.6	6.7	12.0	5.4	1.8	3.6	26,561.9
14	Shriram Finance	54.0	42.2	11.8	14.9	11.7	3.2	91,917.4
15	CMS Info Systems	23.8	12.5	11.3	20.6	9.8	10.8	6,474.5
16	Zomato Ltd	42.8	31.7	11.1	14.4	6.7	7.7	1,49,759.9
17	Shriram Finance	54.0	42.9	11.1	14.9	10.9	4.0	91,917.4
18	Suzlon Energy	17.8	7.7	10.2	2.5	1.3	1.1	57,742.9
19	Honasa Consumer	10.1	-	10.1	6.0	-	6.0	13,025.9
20	TD Power Systems	11.4	1.6	9.8	31.4	12.9	18.5	5,138.0
21	Volt.Transform.	23.2	14.0	9.2	28.5	25.4	3.1	8,757.1
22	Medplus Health	13.0	4.0	9.0	16.3	14.2	2.1	8,329.3
23	Birlasoft Ltd	21.3	12.4	8.9	19.3	19.3	0.0	21,623.8
24	PG Electroplast	10.8	2.3	8.5	5.6	-	5.6	4,616.7
25	Sterling & Wils.	11.9	3.5	8.4	6.3	4.7	1.6	13,745.9

Rising FII+DII holdings

Based on % change in FII holding between 3QFY24 and 3QFY23

Selection criteria

- Top 50 companies
- The market cap is Rs 500 cr and above
- Data is filtered based on YoY % changes in FII holding on YoY basis in descending order

Key performance indicators during 3QFY24

Rising FII+DII holdings

Based on % change in FII holding between 3QFY24 and 3QFY23

Selection criteria

- Top 50 companies
- The market cap is Rs 500 cr and above
- Data is filtered based on YoY % changes in FII holding on YoY basis in descending order

Sr No.	Company Name	FII Holding %			DIIs Holding %			M. Cap (Rs cr)
		Dec-23	Dec-22	% Change in FII	Dec-23	Dec-22	% Change in DIIs Holdings	
26	Mah. Seamless	10.5	3.1	7.4	2.8	2.7	0.1	12,963.7
27	Inox Wind	9.5	2.2	7.3	9.1	-	9.1	18,013.5
28	Gravita India	10.6	3.5	7.1	0.0	-	0.0	6,322.5
29	SJS Enterprises	12.9	5.8	7.1	31.5	13.2	18.3	2,054.1
30	Kesoram Inds.	7.2	0.6	6.6	4.6	-	4.6	5,320.5
31	Mrs Bectors	9.3	2.9	6.5	17.2	13.0	4.2	6,292.6
32	Zensar Tech.	17.1	10.8	6.4	16.2	11.4	4.8	12,621.9
33	Kalyan Jewellers	8.6	2.4	6.3	4.5	2.1	2.4	42,124.0
34	Syrma SGS Tech.	11.1	4.9	6.2	5.5	4.2	1.3	9,514.1
35	Max Financial	29.0	22.9	6.1	36.1	34.9	1.2	34,532.2
36	Zaggle Prepaid	6.0	-	6.0	1.8	-	1.8	4,659.2
37	HDFC AMC	18.0	12.1	5.9	19.2	13.4	5.8	82,330.1
38	Gokaldas Exports	20.5	14.7	5.8	27.8	21.9	6.0	5,078.4
39	Go Fashion (I)	12.1	6.4	5.7	29.4	27.0	2.4	6,129.2
40	Kirloskar Oil	9.1	3.6	5.5	21.2	13.0	8.2	13,013.9
41	Ami Organics	11.7	6.4	5.2	5.6	3.4	2.2	4,337.5
42	Neuland Labs.	22.7	17.7	5.0	1.8	0.8	1.0	9,123.5
43	APL Apollo Tubes	29.2	24.3	5.0	12.0	9.1	2.9	42,780.4
44	JK Tyre & Indust	12.3	7.5	4.8	5.6	1.2	4.4	13,634.5
45	Tata Motors	18.6	13.9	4.7	16.3	14.3	2.0	3,61,647.8
46	Rategain Travel	8.7	4.0	4.7	17.4	13.9	3.5	9,556.5
47	Satin Creditcare	10.3	5.8	4.5	4.7	3.2	1.5	2,581.2
48	Cigniti Tech.	6.0	1.6	4.5	0.1	-	0.1	2,909.1
49	Data Pattern	6.7	2.3	4.4	8.9	7.2	1.7	16,202.3
50	ION Exchange	5.2	0.8	4.4	9.8	8.2	1.6	7,106.0

Key performance indicators during 3QFY24

Strong YoY and QoQ performance

Based on % change in YoY profits

Sr No.	Company Name	Net Sales/NII(Rs Cr)			Net Profit (Rs Cr)			Sales Growth %		Net Profit Growth %		M. Cap (Rs Cr)
		Dec-23	Dec-22	Sep-23	Dec-23	Dec-22	Sep-23	YoY	QoQ	YoY	QoQ	
1	Remedium Life	1,834.2	176.5	468.6	45.8	1.5	6.5	939.3	291.4	2,914.5	601.7	1,176.2
2	Mangalam Cement	439.4	429.2	428.2	16.0	0.5	11.8	2.4	2.6	2,909.4	35.3	2,020.1
3	Electrotherm(I)	1,137.3	615.0	985.2	107.1	7.3	67.5	84.9	15.4	1,364.8	58.6	546.9
4	Lloyds Enterpris	324.2	58.4	149.3	59.8	7.3	28.8	455.0	117.1	721.4	107.6	4,769.2
5	EFC (I)	172.1	26.3	97.8	16.5	2.1	8.3	553.8	76.0	672.4	99.2	1,809.2
6	Swan Energy	1,591.7	101.1	1,223.3	115.1	16.9	84.6	1,474.4	30.1	583.1	36.1	19,200.0
7	Piccadily Agro	176.6	112.3	113.5	44.4	6.6	11.1	57.3	55.6	570.1	299.6	3,403.8
8	Oriental Rail	146.6	106.3	114.8	12.5	2.0	7.7	37.9	27.7	531.8	62.7	1,407.7
9	NIBE	62.7	15.2	41.2	4.4	0.7	2.8	313.0	52.2	500.0	54.2	1,689.3
10	Swadeshi Polytex	54.6	10.0	40.2	45.8	7.9	32.6	448.2	35.8	480.6	40.4	516.9
11	Ganesh Housing	181.4	66.9	163.4	100.6	21.1	86.0	171.4	11.1	375.9	16.9	6,353.7
12	ACC	4,914.4	4,537.0	4,434.7	537.6	113.2	387.9	8.3	10.8	375.1	38.6	51,091.3
13	SG Finserve	34.4	10.4	29.3	21.7	4.6	17.5	230.0	17.4	369.6	23.8	2,575.5
14	Intellivate Capi	38.1	23.9	36.3	1.1	0.2	0.6	59.5	4.9	360.9	89.3	626.7
15	Yes Bank	2,016.9	1,970.6	1,925.1	231.5	51.5	225.2	2.3	4.8	349.3	2.8	77,948.6
16	Thomas Cook (I)	1,893.1	1,536.3	1,843.4	82.4	18.5	47.1	23.2	2.7	344.6	75.0	7,865.7
17	Systematix Corp.	48.0	21.8	20.1	23.9	5.9	1.8	120.6	138.7	307.7	1,229.4	1,174.7
18	Lupin	5,079.9	4,244.6	4,939.2	613.1	153.5	489.7	19.7	2.8	299.5	25.2	73,818.8
19	Pacific Inds	44.9	22.8	35.3	3.0	0.8	1.5	96.7	27.3	288.5	106.1	2,709.3
20	Orchid Pharma	220.6	159.8	198.8	29.4	7.6	19.8	38.1	11.0	287.7	48.6	5,530.4
21	Veritas (India)	1,323.9	572.1	940.9	95.8	25.0	41.6	131.4	40.7	282.9	130.2	1,779.0
22	Ceinsys Tech	62.6	52.1	58.3	10.4	2.7	4.7	20.1	7.4	280.9	122.3	742.7
23	Morepen Labs.	444.6	348.5	421.8	32.0	9.0	21.3	27.6	5.4	255.8	50.5	2,697.4
24	Punjab Natl.Bank	10,292.8	9,179.4	9,922.9	2,222.8	628.9	1,756.1	12.1	3.7	253.5	26.6	1,41,436.5
25	Novartis India	84.5	80.2	78.8	26.6	7.6	23.7	5.5	7.3	249.1	12.2	2,556.6

Selection criteria

- Top 50 companies
- The market cap is Rs 500 cr and above
- Data is filtered based on % changes in YoY profit in descending order

Key performance indicators during 3QFY24

Strong YoY and QoQ performance

Based on % change in YoY profits

Sr No.	Company Name	Net Sales/NII (Rs Cr)			Net Profit (Rs Cr)			Sales Growth %		Net Profit Growth %		M. Cap (Rs Cr)
		Dec-23	Dec-22	Sep-23	Dec-23	Dec-22	Sep-23	YoY	QoQ	YoY	QoQ	
26	HBL Power System	599.3	332.5	556.6	79.0	23.7	68.7	80.2	7.7	232.9	15.1	14,924.2
27	Bharat Forge	3,866.4	3,353.4	3,774.2	264.6	82.5	227.2	15.3	2.4	220.7	16.4	52,811.7
28	HLV	55.4	45.5	41.4	9.5	3.1	2.0	21.7	33.8	209.4	371.8	2,374.7
29	UTI AMC	449.1	295.2	404.1	185.7	60.4	182.8	52.1	11.1	207.2	1.6	11,595.9
30	Ajmera Realty	206.8	79.1	145.3	30.5	10.6	22.5	161.5	42.3	186.5	35.3	2,563.8
31	Patel Engineerin	1,061.0	954.6	1,021.3	68.8	24.3	37.7	11.1	3.9	182.8	82.8	5,364.3
32	Choice Intl.	195.9	89.8	181.1	39.4	14.1	29.4	118.3	8.2	180.2	34.1	5,620.5
33	Monarch Networth	75.8	47.5	73.6	38.6	14.0	37.0	59.5	3.0	175.2	4.2	2,243.2
34	PNGS Gargi FJ	17.8	9.7	10.8	3.2	1.2	1.7	83.5	64.6	167.8	88.1	622.4
35	Waaree Renewab.	324.2	73.9	150.1	64.5	25.1	18.3	338.8	116.0	157.2	252.0	8,785.8
36	Bandhan Bank	2,525.4	2,080.4	2,443.4	732.7	290.6	721.2	21.4	3.4	152.2	1.6	32,822.5
37	Shree Cement	5,223.2	4,299.3	4,800.2	701.9	282.1	446.6	21.5	8.8	148.8	57.2	94,866.9
38	Ugro Capital	151.0	100.2	139.2	32.5	13.1	28.9	50.8	8.5	147.9	12.6	2,610.9
39	Jindal Saw	5,655.8	5,157.9	5,466.1	531.6	214.4	375.7	9.7	3.5	147.9	41.5	16,046.9
40	Avantel	59.3	38.7	54.3	16.3	6.7	16.1	53.3	9.2	143.9	1.6	2,724.6
41	Rajoo Engineers	60.0	36.6	53.5	6.1	2.5	5.4	64.0	12.1	143.6	13.4	1,341.7
42	Vindhya Telelink	1,083.7	638.3	862.0	68.8	28.3	46.8	69.8	25.7	143.1	47.1	3,007.5
43	Auto.Corp.of Goa	136.3	86.1	122.5	9.8	4.1	7.6	58.3	11.3	138.5	29.0	1,032.9
44	Tata Motors	1,09,799.2	87,783.2	1,04,443.1	7,025.1	2,957.7	3,764.0	25.1	5.1	137.5	86.6	3,43,494.9
45	W S Inds.	110.4	24.9	81.1	13.9	5.9	11.4	342.6	36.2	135.0	21.7	792.6
46	Savita Oil Tech	953.3	898.3	881.7	67.4	28.7	47.0	6.1	8.1	134.8	43.4	2,809.6
47	Automotive Stamp	216.4	193.1	212.3	4.7	2.0	4.0	12.1	2.0	132.4	18.8	935.9
48	Kopran	158.9	158.0	152.6	15.8	7.0	13.8	0.6	4.1	127.2	14.7	1,305.3
49	Trent	3,466.6	2,303.4	2,982.4	374.4	167.0	234.7	50.5	16.2	124.2	59.5	1,42,970.0
50	Balu Forge	147.1	89.4	139.2	25.5	11.5	23.3	64.5	5.6	122.3	9.4	2,502.2

Selection criteria

- Top 50 companies
- The market cap is Rs 500 cr and above
- Data is filtered based on % changes in YoY profit in descending order

Key performance indicators during 3QFY24

Improvement in margins
Dec'23 V/s Dec'22

Data is filtered based on YoY
margin improvement

Selection criteria

- Top 50 companies
- The market cap is Rs 500 cr and above
- Data is filtered based on % changes in YoY EBITDA margin in descending order

Sr No.	Company Name	Market Cap (Rs Cr)	EBITDA Margin %			Margin Improvement (Percentage Point)	
			Dec'23	Dec'22	Sep'23	YoY	QoQ
1	Ravindra Energy	1,284.0	44.6	2.8	23.7	41.7	20.9
2	GeeCee Vent.	616.3	74.9	37.8	60.0	37.1	14.9
3	Elpro Internatio	1,587.0	68.7	43.6	54.5	25.1	14.3
4	Eco Recyc.	937.2	70.1	46.4	60.1	23.7	10.0
5	Peninsula Land	1,885.6	28.1	7.3	11.9	20.9	16.2
6	RBM Infracon	573.1	21.1	3.2	11.3	17.9	9.9
7	Suyog Telematics	1,344.7	80.9	63.0	68.6	17.9	12.4
8	Sh. Digvijay Cem	1,661.4	25.6	7.8	9.8	17.9	15.9
9	National High	8,607.9	98.3	81.1	75.3	17.2	23.0
10	Supriya Lifesci.	2,868.0	29.6	13.4	22.7	16.3	7.0
11	Motil.Oswal.Fin.	26,073.8	61.6	46.2	56.0	15.4	5.6
12	Indian Metals	3,447.4	23.2	7.9	21.7	15.3	1.5
13	Tuticorin Alkali	1,236.0	27.5	12.6	21.7	14.9	5.9
14	Borosil	4,507.1	18.7	4.3	15.8	14.5	2.9
15	Man Infra	8,355.0	42.5	28.2	29.8	14.3	12.7
16	Novartis India	2,951.4	23.4	9.5	21.5	13.9	1.9
17	One Point One	1,220.5	35.3	21.9	34.4	13.5	1.0
18	Magellanic Cloud	7,220.8	38.7	25.3	26.3	13.4	12.4
19	Ceinsys Tech	771.7	16.9	4.3	16.8	12.6	0.1
20	D B Corp	5,593.6	28.4	16.3	25.9	12.1	2.5
21	ACC	50,148.6	18.4	6.6	12.4	11.8	6.0
22	Electrost.Cast.	10,717.8	21.7	10.1	15.6	11.6	6.1
23	Jai Balaji Inds.	16,171.8	16.0	4.6	13.8	11.5	2.2
24	Balkrishna Inds	44,924.0	23.8	12.4	23.6	11.3	0.1
25	Ruby Mills	775.1	27.4	16.3	21.2	11.2	6.3

Key performance indicators during 3QFY24

Improvement in margins
Dec'23 V/s Dec'22

Data is filtered based on YoY
margin improvement

Selection criteria

- Top 50 companies
- The market cap is Rs 500 cr and above
- Data is filtered based on % changes in YoY EBITDA margin in descending order

Sr No.	Company Name	Market Cap (Rs cr)	EBITDA Margin %			Margin Improvement (Percentage Point)	
			Dec'23	Dec'22	Sep'23	YoY	QoQ
26	Responsive Ind	8,413.1	24.9	13.7	22.8	11.2	2.1
27	J K Cements	32,499.8	21.3	10.2	17.0	11.1	4.3
28	Shrem InvIT	6,667.3	76.7	65.7	75.2	11.1	1.5
29	Pudumjee Paper	711.7	21.5	10.5	13.1	11.0	8.4
30	Ajanta Pharma	26,939.9	28.4	17.4	28.3	11.0	0.2
31	Nuvama Wealth	15,210.4	52.9	42.0	49.0	10.9	3.9
32	MOIL	4,225.6	29.2	18.3	27.7	10.9	1.5
33	Zen Technologies	6,771.0	42.7	31.8	28.5	10.9	14.2
34	GAIL (India)	1,20,883.2	12.1	1.3	10.9	10.8	1.3
35	Spacenet Enterpr	2,106.1	12.9	2.2	9.7	10.7	3.2
36	Just Dial	7,469.3	22.8	12.3	18.7	10.5	4.1
37	Emami Paper	827.3	16.4	6.0	11.9	10.4	4.5
38	Ambuja Cements	1,16,130.5	21.3	11.1	17.5	10.2	3.8
39	Volt.Transform.	7,496.0	25.7	15.5	18.0	10.2	7.6
40	Privi Speci.	4,974.4	22.3	12.4	19.6	9.9	2.7
41	Fairchem Organic	1,838.6	13.4	3.6	11.1	9.8	2.3
42	Ashiana Housing	3,009.7	17.8	8.0	9.7	9.7	8.1
43	Bright Outdoor	703.1	26.8	17.2	13.2	9.6	13.6
44	Udaipur Cement	2,246.1	19.9	10.5	14.2	9.3	5.7
45	IIFL Securities	5,015.6	43.0	33.8	31.4	9.2	11.6
46	Natl. Aluminium	29,496.3	22.6	13.6	12.4	9.0	10.2
47	Global Education	539.1	64.8	56.2	62.1	8.6	2.7
48	HLV	2,356.9	19.7	11.4	10.7	8.3	9.0
49	Vidhi Specialty	2,102.4	22.8	14.6	17.1	8.3	5.7
50	Jindal Steel	77,424.7	24.3	16.1	18.7	8.2	5.6

Key performance indicators during 3QFY24

**Consistent earnings growth
in last 4 quarters**

Sr No.	Company Name	Market Cap (Rs cr)	Revenue/NII (Rs Cr)					Net Profit (Rs Cr)				
			Dec-23	Sep-23	Jun-23	Mar-23	Dec-22	Dec-23	Sep-23	Jun-23	Mar-23	Dec-22
1	ICICI Bank	7,32,358.5	18,678.6	18,307.9	18,226.5	17,666.8	16,465.0	10,271.5	10,261.0	9,648.2	9,121.9	8,311.9
2	Bajaj Finance	4,14,977.8	9,034.6	8,588.6	8,170.4	7,506.1	7,173.9	3,639.0	3,550.8	3,436.9	3,157.8	2,973.0
3	LTIMindtree	1,63,295.6	9,016.6	8,905.4	8,702.1	8,691.0	8,620.0	1,168.9	1,161.8	1,151.5	1,113.7	1,000.5
4	Punjab Natl.Bank	1,41,436.5	10,292.8	9,922.9	9,504.3	9,498.8	9,179.4	2,222.8	1,756.1	1,255.4	1,158.6	628.9
5	IndusInd Bank	1,15,383.7	5,295.6	5,076.7	4,867.1	4,669.5	4,495.3	2,297.9	2,181.5	2,123.6	2,040.5	1,959.2
6	Canara Bank	1,03,759.2	9,417.1	8,903.0	8,665.7	8,616.8	8,600.0	3,656.1	3,606.1	3,534.8	3,174.7	2,881.5
7	Indian Bank	73,119.9	5,814.2	5,740.2	5,703.5	5,508.3	5,499.2	2,119.4	1,987.8	1,708.8	1,447.3	1,395.8
8	Lupin	72,311.2	5,079.9	4,939.2	4,742.1	4,330.3	4,244.6	613.1	489.7	452.3	236.0	153.5
9	Muthoot Finance	54,435.8	2,407.5	2,271.1	2,235.8	2,183.7	1,963.1	1,103.5	1,059.6	1,022.1	973.5	927.7
10	KPIT Technologi.	44,730.7	1,257.0	1,199.2	1,097.6	1,017.4	917.1	155.3	140.9	134.0	111.6	100.5
11	Bank of Maha	43,883.3	2,465.8	2,432.0	2,339.7	2,186.9	1,979.6	1,035.5	919.8	882.1	840.0	775.0
12	IIFL Finance	23,302.6	1,659.0	1,543.6	1,411.9	1,320.3	1,311.4	490.4	474.3	425.4	412.7	378.3
13	Five-Star Bus.Fi	21,583.5	438.7	412.9	384.2	358.4	323.4	216.8	199.4	183.7	168.9	151.0
14	Aptus Value Hou.	17,245.3	253.0	237.4	220.9	220.9	209.1	157.6	148.0	142.3	135.3	125.6
15	Manappuram Fin.	15,515.2	1,556.6	1,467.7	1,377.9	1,182.6	1,149.5	572.9	558.4	495.9	413.4	392.2
16	Karur Vysya Bank	14,724.4	1,001.3	915.4	897.1	892.6	889.0	411.6	378.5	358.6	337.8	289.3
17	HBL Power System	14,652.5	599.3	556.6	467.4	402.6	332.5	79.0	68.7	51.7	34.8	23.7
18	Triveni Turbine	14,566.7	431.7	387.8	376.4	369.8	325.8	68.2	64.2	60.8	55.5	52.6
19	Cams Services	14,201.6	289.7	275.1	261.3	249.2	243.6	89.3	84.5	76.3	74.6	73.7
20	Action Const.Eq.	13,926.2	753.1	673.2	651.6	613.8	556.3	88.3	73.9	67.6	47.7	46.5
21	Ramkrishna Forg.	13,510.3	1,057.8	981.5	892.3	891.6	777.5	86.9	82.2	78.5	68.5	61.0
22	Happiest Minds	12,751.5	409.9	406.6	390.9	378.0	366.9	59.6	58.5	58.3	57.7	57.6
23	Caplin Point Lab	12,137.0	435.5	410.1	395.3	389.3	372.1	117.2	114.9	103.4	102.1	97.5
24	Equitas Sma. Fin	12,081.5	785.2	765.6	743.1	707.0	647.5	202.0	198.1	191.2	190.0	170.1
25	Anant Raj	11,803.3	392.3	332.3	316.2	280.2	265.8	71.8	60.1	50.7	49.4	45.6

Selection criteria

- All companies reporting consistent QoQ growth in profit and sales
- The market cap is Rs 500 cr and above
- Data is filtered based on market cap in descending order

Key performance indicators during 3QFY24

**Consistent earnings growth
in last 4 quarters**

Sr No.	Company Name	Market Cap (Rs cr)	Revenue/NII (Rs Cr)					Net Profit (Rs Cr)				
			Dec-23	Sep-23	Jun-23	Mar-23	Dec-22	Dec-23	Sep-23	Jun-23	Mar-23	Dec-22
26	SBFC Finance	9,627.4	171.6	150.1	134.9	123.2	109.9	63.9	52.6	47.0	42.8	39.3
27	Home First Finan	7,824.9	165.4	155.2	146.6	133.5	125.4	78.8	74.3	69.1	64.0	58.7
28	CMS Info Systems	5,728.6	582.3	543.7	511.6	501.4	488.3	87.1	84.4	84.3	79.9	75.8
29	Sansera Enginee.	5,631.1	712.6	692.9	660.1	618.6	559.6	48.0	47.0	44.7	35.1	31.0
30	MAS FINANC SER	5,570.9	167.6	156.7	142.3	131.3	128.1	63.6	61.2	56.9	56.3	51.3
31	Fusion Microfin.	5,534.7	391.6	355.6	347.6	326.7	290.6	126.5	125.7	120.5	114.5	102.5
32	Aurionpro Sol.	5,253.7	230.8	211.2	198.7	190.7	168.5	37.6	33.1	31.8	25.1	25.0
33	Garware Hi Tech	4,718.6	453.6	397.1	379.7	349.0	324.4	55.9	45.9	43.7	43.1	30.4
34	Muthoot Microfin	4,187.3	346.9	342.6	284.4	275.6	225.5	124.6	109.6	95.7	94.6	56.9
35	Mufin Green	3,546.9	14.2	12.6	11.5	9.5	9.5	4.6	4.0	3.5	2.7	2.3
36	Venus Pipes	3,355.0	207.1	191.4	179.6	176.3	136.1	23.3	20.3	17.4	13.4	11.3
37	Ugro Capital	2,610.9	151.0	139.2	120.6	118.6	100.2	32.5	28.9	25.2	14.0	13.1
38	SG Finserve	2,575.5	34.4	29.3	24.3	21.4	10.4	21.7	17.5	15.6	14.1	4.6
39	Ajmera Realty	2,519.1	206.8	145.3	116.1	114.3	79.1	30.5	22.5	21.1	15.1	10.6
40	Mishtann Foods	2,253.0	330.5	318.4	293.9	168.9	163.6	93.1	87.4	68.9	14.1	13.7
41	Suryoday Small	1,837.2	245.7	221.1	224.7	210.1	183.5	57.2	50.3	47.6	38.9	18.1
42	Talbros Auto.	1,807.7	198.7	194.0	182.8	175.0	158.5	22.8	20.0	17.4	16.9	13.7
43	Ksolves India	1,446.8	28.4	26.0	23.8	22.7	20.6	8.9	8.2	7.6	7.3	6.2
44	Blue Cloud Soft.	1,278.5	167.7	86.9	34.5	28.5	0.2	4.1	2.6	0.8	0.6	0.0
45	AGI Infra	1,203.0	72.8	70.9	68.8	66.4	60.9	14.9	14.5	13.3	13.3	12.2
46	Windlas Biotech	1,082.6	162.2	152.7	144.8	140.7	119.7	15.1	14.0	12.1	11.4	9.2
47	NINtec Systems	991.3	23.2	14.8	13.1	10.4	8.9	3.9	3.3	2.7	1.9	1.2
48	Swiss Military	588.0	49.7	43.6	40.5	39.3	37.4	2.3	1.9	1.7	1.7	1.6
49	SRG Housing	353.0	16.5	15.1	14.3	13.9	11.0	5.3	5.3	4.4	4.2	3.6
50	Shreeji Translog	264.8	65.9	65.1	60.8	54.3	52.1	5.2	4.9	4.1	2.8	2.7

Selection criteria

- All companies reporting consistent QoQ growth in profit and sales
- The market cap is Rs 500 cr and above
- Data is filtered based on market cap in descending order

Sr. No.	Company Name	NSE Symbol	Sector	Market Cap (Rs cr)	*CMP (Rs)	Target Price (Rs)	Upside Potential (%)
1	Mahindra & Mahindra Ltd	M&M	Automobile	2,41,530.6	1,942.3	2,318.8	19.4
2	Ambuja Cements Ltd	AMBUJACEM	Cement	1,21,700.4	613.1	716.6	16.9
3	Cipla Ltd	CIPLA	Pharmaceuticals	1,19,401.3	1,478.9	1,757.6	18.8
4	Tata Consumer Products Ltd	TATACONSUM	FMCG	1,11,600.0	1,200.0	1,380.4	15.0
5	JSW Infrastructure Ltd	JSWINFRA	Logistics	53,886.0	256.6	320.0	24.7
6	Blue Star Ltd	BLUESTARCO	Consumer Durables	26,524.3	1,290.0	1,523.2	18.1
7	Shyam Metalics & Energy Ltd	SHYAMMETL	Steel	18,279.0	654.9	816.0	24.6
8	Jammu and Kashmir Bank Ltd	J&KBANK	Banks	16,170.8	146.8	171.9	17.1
9	Manappuram Finance Ltd	MANAPPURAM	NBFC	15,764.8	186.2	223.4	20.0
10	V-Guard Industries Ltd	VGUARD	Consumer Durables	14,956.3	344.5	392.5	13.9
11	Karur Vysya Bank Ltd	KARURVYSYA	Banks	14,790.5	184.8	221.7	20.0
12	Privi Speciality Chemicals Ltd	PRIVISCL	Chemicals	4,577.0	1,173.0	1,410.0	20.2
13	Garware Hi Tech Films Ltd	GRWRHITECH	Auto Ancillary	4,210.4	1,830.6	2,221.7	21.4
14	Windlas Biotech Ltd	WINDLAS	Pharmaceuticals	1,137.7	547.0	692.9	26.7

*CMP based on closing price as of 5th March 2024

Open Calls from earlier Rockstar series

Sr. No.	Company Name	NSE Symbol	Sector	Date of Rec.	Reco. Price (Rs)	Target Price (Rs)	*CMP(Rs)	Gross Return Till Date(%)	Current Status
1	L&T Finance Holdings Ltd	L&TFH	NBFC	07-Dec-23	155.9	194.9	174.3	11.8	Hold
2	Concord Biotech Ltd	CONCORDBIO	Pharma	07-Dec-23	1,334.6	1,623.3	1,455.7	9.1	Hold
3	Welspun Enterprises Ltd	WELENT	Construction	07-Dec-23	337.0	404.1	325.4	-3.5	Hold
4	Syngene International Ltd	SYNGENE	Pharmaceuticals and Healthcare	19-Jun-23	748.0	867.1	697.1	-6.8	Hold
5	Kotak Mahindra Bank Ltd	KOTAKBANK	BFSI	22-Nov-22	1,944.1	2,230.0	1,727.2	-11.2	Hold
6	Laxmi Organic Industries Ltd	LXCHEM	Chemicals	07-Sep-23	312.8	380.0	254.7	-18.6	Hold
7	AU Small Finance Bank Ltd	AUBANK	Banks	07-Dec-23	747.5	897.0	580.1	-22.4	Hold

*CMP based on closing price of 4th Mar 2024

Performance of Historical Recommendations (Closed Calls)

Sr No.	Company	Scrip Code	Sector	Date of Rec.	Rec. Price (Rs)	Target Price (Rs)	Call Closed Price (Rs)	Net Return (%) Post 1% brokerage	Call Closed Date
1	Campus Activewear Ltd	CAMPUS	Footwear	16-Jun-22	326.0	398.0	373.0	13.4	21-Jul-22
2	ICICI Bank Ltd	ICICIBANK	BFSI	16-Jun-22	696.5	950.0	789.0	12.3	21-Jul-22
3	Maruti Suzuki India Ltd	MARUTI	Automobile & Auto Ancillaries	16-Jun-22	8,004.0	9,600.0	8,750.0	8.3	21-Jul-22
4	Schaeffler India Ltd	SCHAEFFLER	Automobile & Auto Ancillaries	16-Jun-22	2,270.9	2,810.0	2,498.0	9.0	21-Jul-22
5	NOCIL Ltd	NOCIL	Chemicals	16-Jun-22	258.0	320.0	287.0	10.2	21-Jul-22
6	KPIT Technologies Ltd	KPITTECH	IT - Software	16-Jun-22	497.7	575.0	548.6	9.2	01-Aug-22
7	Vinati Organics Ltd	VINATIORGA	Chemicals	16-Jun-22	2,007.4	2,380.0	2,202.0	8.7	01-Aug-22
8	V-Guard Industries Ltd	VGUARD	Capital Goods	16-Jun-22	214.5	284.0	232.0	7.2	01-Aug-22
9	SRF Ltd	SRF	Chemicals	16-Jun-22	2,308.9	2,768.0	2,810.0	20.7	13-Sep-22
10	Raymond Ltd	RAYMOND	Diversified	16-Jun-22	934.4	1,134.0	1,138.0	20.8	19-Sep-22
11	United Spirits Ltd	MCDOWELL-N	Alcoholic Beverages	16-Jun-22	771.3	902.0	863.0	10.9	28-Oct-22
12	Kotak Mahindra Bank Ltd	KOTAKBANK	BFSI	16-Jun-22	1,734.5	2,131.0	1,885.0	7.7	28-Oct-22
13	V I P Industries Ltd	VIPIND	Consumer Durables	09-Sep-22	617.9	724.0	725.0	16.3	31-Oct-22
14	ICICI Lombard General Insurance Company Ltd	ICICIGI	BFSI	22-Nov-22	1,127.8	1,334.7	1,247.0	9.6	27-Dec-22
15	ITC Ltd	ITC	FMCG	09-Sep-22	329.9	405.0	390.0	17.2	08-Mar-23
16	Hindustan Aeronautics Ltd	HAL	Defence	09-Sep-22	2,421.8	2,846.0	2,846.0	16.5	08-Mar-23
17	CCL Products (India) Ltd	CCL	FMCG	09-Sep-22	491.6	597.0	564.0	13.7	08-Mar-23
18	Narayana Hrudayalaya Ltd	NH	Pharmaceuticals & Healthcare	09-Sep-22	705.5	818.0	810.0	13.8	17-Mar-23

Performance of Historical Recommendations (Closed Calls)

Sr No.	Company	Scrip Code	Sector	Date of Rec.	Rec. Price (Rs)	Target Price (Rs)	Call Closed Price (Rs)	Net Return (%)	Call Closed Date
19	AIA Engineering Ltd	AIAENG	Capital Goods	09-Sep-22	2,538.9	3,031.0	2,910.0	13.6	03-Apr-23
20	Larsen & Toubro Ltd	LT	Infrastructure	22-Nov-22	2,011.5	2,263.0	2,305.0	13.6	10-Apr-23
21	Indian Hotels Co Ltd	INDHOTEL	Hotels & Restaurants	22-Nov-22	316.5	370.1	374.0	17.2	09-May-23
22	CRISIL Ltd	CRISIL	BFSI	01-Mar-23	3,429.3	3,929.0	3,705.0	7.0	30-May-23
23	Polycab India Ltd	POLYCAB	Cables	01-Mar-23	3,115.9	3,525.8	3,415.0	8.6	30-May-23
24	P I Industries Ltd	PIIND	Chemicals	01-Mar-23	3,136.0	3,615.0	3,507.0	10.8	30-May-23
25	Gulf Oil Lubricants India Ltd	GULFOILLUB	Chemicals	01-Mar-23	416.2	480.7	455.0	8.3	30-May-23
26	IndusInd Bank Ltd	INDUSINDBK	BFSI	09-Sep-22	1,108.3	1,319.0	1,320.0	18.1	08-Jun-23
27	Bharti Airtel Ltd	BHARTIARTL	Telecomm	01-Mar-23	750.2	858.9	880.0	16.3	03-Jul-23
28	Phoenix Mills Ltd	PHOENIXLTD	Realty	01-Mar-23	1,400.0	1,611.0	1,561.0	10.5	12-Jul-23
29	Sapphire Foods India Ltd	SAPPHIRE	Quick Service Restaurant	01-Mar-23	1,244.5	1,470.0	1,390.0	10.7	12-Jul-23
30	K E C International Ltd	KEC	Capital Goods	19-Jun-23	564.0	662.7	677.0	19.0	26-Jul-23
31	Five-Star Business Finance Ltd	FIVESTAR	BFSI	19-Jun-23	635.0	738.8	791.0	23.6	31-Jul-23
32	NCC Ltd	NCC	Construction	19-Jun-23	120.0	145.5	154.0	27.3	31-Jul-23
33	S J S Enterprises Ltd	SJS	Automobile & Auto Ancillaries	19-Jun-23	518.0	740.0	668.0	28.0	31-Jul-23
34	Sharda Motor Industries Ltd	SHARDAMOTR	Automobile & Auto Ancillaries	22-Nov-22	795.8	948.1	1,027.0	28.1	04-Sep-23
35	Star Cement Ltd	STARCEMENT	Cement	01-Mar-23	110.3	128.4	167.0	50.4	04-Sep-23
36	Tata Power Company Ltd	TATAPOWER	Power	19-Jun-23	222.0	260.0	261.0	16.6	04-Sep-23

Performance of Historical Recommendations (Closed Calls)

Sr No.	Company	Scrip Code	Sector	Date of Rec.	Rec. Price (Rs)	Target Price (Rs)	Call Closed Price (Rs)	Net Return (%)	Call Closed Date
37	Maruti Suzuki India Ltd	MARUTI	Automobile & Auto Ancillaries	09-Sep-22	8,790.7	10,483.0	10,355.0	16.8	20-Sep-23
38	Mahindra & Mahindra Ltd	M&M	Automobile & Auto Ancillaries	19-Jun-23	1,407.0	1,637.7	1,648.0	16.1	20-Sep-23
39	Senco Gold Ltd	SESCO	Retail	07-Sep-23	398.0	500.0	522.0	30.2	25-Sep-23
40	Multi Commodity Exchange of India Ltd	MCX	BFSI	22-Nov-22	1,503.5	1,712.2	2,104.0	38.9	28-Sep-23
41	NESCO Ltd	NESCO	Realty	22-Nov-22	605.6	730.7	783.0	28.3	13-Nov-23
42	Karur Vysya Bank Ltd	KARURVYSYA	BFSI	07-Sep-23	130.5	155.0	157.0	19.3	13-Nov-23
43	TVS Motor Company Ltd	TVSMOTOR	Automobile & Auto Ancillaries	07-Sep-23	1,478.2	1,800.0	1,800.0	20.8	24-Nov-23
44	Mahindra Lifespace Developers Ltd	MAHLIFE	Realty	09-Sep-22	530.0	612.0	526.0	-1.8	29-Nov-23
45	Bata India Ltd	BATAINDIA	Footwear	09-Sep-22	1,913.2	2,197.0	1,625.0	-16.1	29-Nov-23
46	Federal Bank Ltd	FEDERALBNK	BFSI	22-Nov-22	132.4	152.5	150.0	12.3	29-Nov-23
47	ERIS Lifesciences Ltd	ERIS	Pharmaceuticals and Healthcare	07-Sep-23	823.2	991.0	944.0	13.7	29-Nov-23
48	NTPC Ltd	NTPC	Power	07-Sep-23	235.3	289.0	290.6	22.5	08-Dec-23
49	IRCTC Ltd	IRCTC	BFSI	19-Jun-23	666.0	767.6	845.4	25.9	18-Dec-23
50	J K Cements Ltd	JKCEMENT	Cement	19-Jun-23	3,395.0	3,937.3	3,933.8	14.9	18-Dec-23
51	Equitas Small Finance Bank Ltd	EQUITASBNK	BFSI	19-Jun-23	88.0	106.0	106.0	19.5	18-Dec-23
52	Bharat Dynamics Ltd	BDL	Defence	07-Dec-23	1,286.6	1,508.0	1,714.9	32.3	26-Dec-23
53	Gujarat Fluorochemicals Ltd	FLUOROCHEM	Chemicals	01-Mar-23	3,205.1	3,712.8	3,770.0	16.6	02-Jan-24
54	Subros Ltd	SUBROS	Auto	07-Dec-23	441.9	587.6	600.0	34.8	02-Jan-24

Performance of Historical Recommendations (Closed Calls)

Sr No.	Company	Scrip Code	Sector	Date of Rec.	Rec. Price (Rs)	Target Price (Rs)	Call Closed Price (Rs)	Net Return (%)	Call Closed Date
55	Poonawalla Fincorp Ltd	POONAWALLA	BFSI	07-Sep-23	390.0	475.0	463.0	17.7	08-Jan-24
56	Sula Vineyards Ltd	SULA	Consumption - Discretionary	07-Dec-23	470.3	574.7	643.0	35.7	08-Jan-24
57	Schaeffler India Ltd	SCHAEFFLER	Automobile & Auto Ancillaries	22-Nov-22	3,059.4	3,538.7	3,349.0	8.5	16-Jan-24
58	Vinati Organics Ltd	VINATORGA	Chemicals	22-Nov-22	2,099.0	2,455.0	1,735.0	-18.3	16-Jan-24
59	Infosys Ltd	INFY	IT	01-Mar-23	1,496.1	1,716.7	1,637.0	8.4	16-Jan-24
60	Reliance Industries Ltd	RELIANCE	Oil & Gas	19-Jun-23	2,559.0	2,980.2	3,022.0	17.1	16-Jan-24
61	Mastek Ltd	MASTEK	IT	07-Sep-23	2,504.5	3,004.0	2,880.0	14.0	16-Jan-24
62	EIH Ltd	EIHOTEL	Hotels & Restaurants	07-Sep-23	252.3	322.0	289.0	13.5	16-Jan-24
63	Axis Bank Ltd	AXISBANK	BFSI	19-Jun-23	968.0	1,149.1	1,111.0	13.8	20-Jan-24
64	Action Construction Equipment Ltd	ACE	Capital Goods	07-Dec-23	798.7	977.0	986.0	22.5	31-Jan-24
65	One 97 Communications Ltd	PAYTM	BFSI	07-Sep-23	889.5	1,050.0	438.5	-51.7	05-Feb-24
66	Gujarat Pipavav Port Ltd	GPPL	Logistics	07-Dec-23	151.2	184.6	205.3	34.8	21-Feb-24
67	Jindal Saw Ltd	JINDALSAW	Metals	07-Dec-23	456.6	557.0	542.0	17.7	21-Feb-24

Investment Thesis

Key Business USP: Mahindra & Mahindra Limited (M&M), is a diversified automobile company in India with presence across SUVs, commercial vehicles, tractors, farm equipment such as harvesters and transplanter and 3 wheelers for passenger and cargo movement. Besides, it holds stakes in other listed Mahindra group entities such as Tech Mahindra, M&M Financial Services, Mahindra Holidays & Resorts and Mahindra Lifespace Developers.

Stock Data	
BSE Code	500520
NSE Code	M&M
Face Value (Rs)	5.0
Bloomberg Code	MM IN
CMP (Rs)	1942.3
Market Cap (Rs. cr)	2,41,530.6
52 Week High/Low (Rs)	1,982/1,123
1M/3M/12M (Del. Volume) in Lakh	16.7/15.4/15.1

Particulars (Rs Cr)*	FY22A	FY23A	FY24E	FY25E
Revenue	57,787.0	84,960.0	99,328.0	1,10,271.2
EBITDA	7,027.0	10,442.0	12,855.1	14,536.2
OPM (%)	12.2	12.3	12.9	13.2
Net Profit	4,870.0	6,549.0	10,169.3	10,840.8
RoE (%)	12.7	15.1	19.0	17.4
PE (x)	49.2	36.6	22.4	21.1
P/BV (x)	6.3	5.5	4.5	3.8

Source: SSL Research, Bloomberg; * Standalone

Catalyst/Trigger in medium to long term:

Ramp up in SUV production: M&M has an open order book of 226,000 SUVs as of Dec'23. The company is ramping up production capacity in stages which will take the monthly production rate from current 42,000 units to 49,000 units by end of FY24. Besides, the supply chain for components and semiconductors has returned to normalcy which is also helping the company ramp up production.

Healthy SUV portfolio: The company enjoys strong brand recall in the SUV segment. All the new launches over the last few years such as the XUV 700, Thar, Scorpio N, Bolero Neo and XUV 500 have received strong bookings. The Indian Passenger Vehicle (PV) industry has pivoted towards SUVs which now account for ~50% of the total PV volumes. M&M has a ~12% market share of the Indian PV industry. The SUV industry is expected to post a 10-12% volume growth in FY25E while M&M has guided for mid to high teens growth for the same period, thus outperforming the industry.

Launches in the EV segment: M&M currently sells a single electric SUV 'XUV 400'. It is aiming to launch multiple EV models through its INGLO platform architecture in 2025. The company has also signed a supply agreement with the Volkswagen Group which will equip M&M's EV platform with VW's components and unified cells.

Tractor industry expected to recover in FY25E: The Indian tractor industry has endured a tough FY24 on back of the erratic weather across most parts of the country which has affected the agri output and impacted farmers income. However, the industry is expected to recover in FY25E with normal monsoon predictions reviving the rural sentiment. M&M has a 41.8% market share as of Dec'23.

Focused capital allocation: M&M has sharpened its focus on capital allocation in the last few years. It has divested certain non-core businesses and set medium term growth and profitability targets for the businesses that have been identified as 'Growth Gems'. M&M is also looking to rope in equity partners for these subsidiaries.

Valuation: The standalone Revenue/EBITDA/PAT is expected to grow at a CAGR of 14%/18%/29% over FY23-25E. The higher than industry growth in the SUV segment and the expected recovery in the tractor segment in FY25E is expected to drive the valuation of the standalone business.

Key Risks: Loss in market share; Slowdown in the auto industry; Delay in the tractor industry recovery

Investment Thesis

Key Business USP: Ambuja Cements Ltd is one of the leading cement companies in India and a global leader in innovative and sustainable building solutions. The company has a total consolidated capacity of 76.1 MTPA at present and holds ~16% market share in the Indian cement industry. It is a member of the Aadani Group – the largest and fastest growing portfolio of diversified sustainable businesses.

Stock Data	
BSE Code	500425
NSE Code	AMBUJACEM
Bloomberg Code	ACEM IN
Face value (Rs)	2.0
CMP (Rs)	613.1
Market Cap (Rs. cr)	1,21,700.4
52 Week High/Low (Rs)	621.8/340.8
1M/3M/12M (Del. Volume) in Lakh	14.8/18.5/20.2

Particulars (Rs Cr)	CY21A	FY23A (15 months)	FY24E	FY25E
Revenue (Rs cr)	28,965.5	38,937.0	31,225.4	33,452.7
EBITDA (Rs cr)	6,210.4	4,803.3	6,174.4	7,374.4
OPM (%)	21.4	12.3	19.8	22.0
Net Profit	3,711.0	3,024.4	3,439.5	4,035.1
RoE (%)	15.4	11.6	10.3	10.6
PE (x)	32.8	40.2	35.4	30.2
EV/EBITDA (x)	17.7	24.7	18.7	15.2

Source: Bloomberg, SSL Research

Catalyst/Trigger in the medium to long term:

Amongst the largest cement manufacturers in India: Ambuja Cements has a consolidated cement capacity of 76.1 MTPA as of Dec'23. Ambuja Cements holds 50.1% stake in ACC and 54.5% stake in Sanghi Industries as of Dec'23. ACC's acquisition of Asian Concretes & Cements Ltd in Jan'24 of 1.5 MTPA is also a part of the Ambuja's consolidated capacity. The company focuses on cement, concrete and aggregates with a presence in 80 countries.

Aggressive capex plans to capture future growth: The company is planning to double its grinding facilities to 140 MTPA by FY28 and will add around 35 new grinding units for the same. About 32 MTPA additional cement capacities are at various stages of implementation which will take the total capacity to 110 MTPA by FY27. The company estimates its FY24 capex to be Rs 3,500 cr.

Upcoming WHRS capacities to improve efficiencies: At present, the WHR (Waste Heat Recovery) capacity of Ambuja stands at 119 MW. The company has announced installation of 1,000 MW of renewable energy, which is expected to get commissioned by FY26 and would ensure that 60% of the company's power requirements are met through green power. This would help in reducing power cost by Rs. 90 per tonne on the expanded capacity by FY28.

Healthy financials: The company has a strong balance sheet with zero net debt on book. During 3QFY24, Ambuja's consolidated sales and adj. PAT grew 2.8% YoY and 51.2% YoY to Rs 8,128.8 cr and Rs 823.1 cr respectively. The consolidated sales volume grew 2.9% YoY to 14.1 million tonnes. Consolidated EBITDA grew 69.6% YoY to Rs 1,732 cr with EBITDA margin expanding 840 bps YoY to 21.3%.

Valuation: At CMP, the stock is trading at FY24E/FY25E EV/EBITDA of 18.7x/15.2x respectively at consol. level which justifies the company's aggressive capacity expansion plans to capture long term growth story in the Indian cement space.

Key Risks: Rise in crude oil prices; High Power & Fuel cost; Prolonged monsoon season dampening cement consumption; Slowdown in economic growth

Investment Thesis

Key Business USP: Established in 1935, Cipla is a global pharmaceutical company offering complex generics, branded prescriptions and consumer health/over-the-counter (OTC) products in key markets of India, North America, South Africa and other key regulated and emerging markets. As of 3QFY24, the company produces +1,500 products comprising of +50 dosage forms and operating in +85 markets.

Stock Data	
BSE Code	500087
NSE Code	CIPLA
Bloomberg Code	CIPLA IN
Face value (Rs)	2.0
CMP (Rs)	1,478.9
Market Cap (Rs. cr)	1,19,401.3
52 Week High/Low (Rs)	852.0/1,495.3
1M/3M/12M (Del. Volume) in Lakh	7.5/9.1/10.3

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
Revenue (Rs cr)	22,753.1	21,763.3	25,824.7	30,739.9
EBITDA (Rs cr)	4,553.0	5,027.0	6,303.6	7,601.4
OPM (%)	20.0	23.1	24.4	24.7
Net Profit	2,547.0	2,833.0	4,141.5	5,099.6
RoE (%)	10.9	13.6	16.2	15.5
PE (x)	47.6	42.8	28.7	26.2
P/BV (x)	5.1	5.7	4.5	3.9

Source: Bloomberg, SSL Research

Catalyst/Trigger in medium to long term:

Leadership positions across markets: Cipla is the 3rd largest pharmaceutical company in India, 3rd largest company in the South African prescription market and the 4th largest company in generic inhalation products in US market by prescriptions. Cipla's respiratory portfolio is ranked #1 in Indian pharmaceutical markets (IPM), and its urology and anti-infectives portfolio are among the top 5 in IPM. The company aims to become the largest prescription company in India.

Robust product pipeline and focus on R&D: As of 3QFY24, the company cumulatively maintains a portfolio of 163 approved and 30 tentatively approved ANDAs and NDAs respectively. Additionally It also has 80 ANDAs/NDAs under approval process. During 3QFY24, the company filed 2 products including g-Symbicort. Cipla is awaiting approval for 1 peptide product and plans to launch 4 peptides assets in FY25. The R&D spend in 3QFY24 stood at 6.1% of revenue and continues to focus on funding developmental efforts and new product filings, to sustain its leadership position in respiratory and other product portfolios.

Actor Pharma acquisition: During 3QFY24, Cipla received approval from the Competition Commission of India (CCI) to acquire Actor Pharma (Pty) Ltd, South Africa and is expected to complete the integration by 4QFY24. Actor Pharma operates a strong Over-the-Counter (OTC) portfolio in South Africa and will leverage Cipla's existing portfolio in the South African markets.

Strong 3QFY24 result: Revenue/EBITDA/PAT grew 13.7%/24.2%/32.3% YoY to Rs 6,604 cr/Rs 1,748 cr/Rs 1,068 cr respectively. Gross margin/EBITDA margin improved 90 bps/224 bps YoY to 66.3%/26.5% respectively led by softening raw material prices, continued growth trajectory in flagship markets of India, North America and South Africa. Cipla experienced strong growth during the quarter led by continued market growth in key markets, focused approach of making current big brands and investment in building future pipeline both organically and inorganically.

Attractive Valuations: At CMP, the stock trades at P/E multiple of 28.7x/26.2x respectively to its FY24E/FY25E Bloomberg consensus estimate. The company expects to continue on its growth led by its Indian portfolio gaining traction, commercial execution and resolution of regulatory issues in the US and increasing traction in its OTC and tender business in South Africa coupled with margin expansion.

Key Risks: Delay in launch and approval of new products; Changes in regulatory environment; Sudden increase in raw material prices.

Investment Thesis

Key Business USP: Tata Consumer Products Ltd. (TCPL) is a focused consumer products company uniting the food and beverages interests of the Tata Group under one umbrella. It is home to key brands such as Tata Tea, Tetley, Tata Salt and Tata Sampann. TCPL was born post-merger of consumer products division of Tata Chemicals in May 2019 with Tata Global Beverages Ltd. Prior to Tata Global, the company was known as Tata Tea Ltd.

Stock Data	
BSE Code	500800
NSE Code	TATACONSUM
Bloomberg Code	TATACONS IN
Face value (Rs)	1.0
CMP (Rs)	1200.0
Market Cap (Rs. cr)	1,11,600.0
52 Week High/Low (Rs)	1,213.7/686.6
1M/3M/12M (Del. Volume) in Lakh	6.9/8.4/7.6

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
Revenue (Rs cr)	12,425.4	13,783.2	15,349.8	17,715.9
EBITDA (Rs cr)	1,666.7	1,856.5	2,258.2	2,742.3
OPM (%)	13.4	13.5	14.7	15.5
Net Profit	1,079.0	1,346.5	1,407.1	1,711.8
RoE (%)	7.3	8.6	8.4	9.2
PE (x)	103.4	82.9	79.3	65.2
P/BV (x)	7.4	6.9	6.6	5.9

Source: Bloomberg, SSL Research

Catalyst/Trigger in the medium to long term:

Strong parentage: The company enjoys strong parentage being part of the Tata group. Tata Sons Ltd, the principal investment-holding company and promoter of the Tata group, together with Tata Investment Corporation Ltd, holds a 33.1% share in TCPL as of Jan'24.

Wide product offerings: TCPL has wide product offerings ranging from tea, coffee, water and ready-to-drink to salt, pulses, spices, ready-to-eat, etc. Some of its products like Salt, Tea and mineral water are either no.1 or no.2 brands in India.

Healthy 3QFY24 performance despite sluggishness in consumption category: TCPL delivered healthy 3QFY24 numbers with consolidated sales growing 9.5% YoY to Rs 3,804 cr. EBITDA grew 26.2% YoY to Rs 572 cr. Adj. PAT (before exceptional loss of Rs 91.5 cr) grew 31% YoY to Rs 372 cr. Gross and EBITDA margins improved 199 bps/228 bps YoY to 43.8%/15.0%.

Acquisition of new brands to be margin accretive: TCPL recently acquired Capital Foods (owner of Ching's Secret & Smith & Jones brands) and Organic India in order to expand its addressable market into high growth and high margin categories. Both these businesses are gross margin accretive. The front-end sales integration of Capital Foods has been substantially completed as on date.

Valuation: At current price, the stock trades at FY24E/FY25E PE multiple of 79.3x/65.2x respectively of its Bloomberg consolidated earnings. Management has been aiming for an EBITDA margin of 15% which it achieved in 3QFY24 and will strive to improve it going forward. Being a growth company, we believe TCPL will continue to deliver double-digit volume growth.

Key Risks: Demand slowdown; Rise in commodity prices

Investment Thesis

Key Business USP: JSW Infrastructure Ltd (JSW Infra), part of the JSW group, is India’s 2nd largest commercial port operator in terms of cargo handling capacity. It has a total capacity of 170 MTPA currently across strategic locations such as Jaigarh and Mangalore on the West coast and Paradip and Ennore on the East Coast.

Stock Data	
BSE Code	543994
NSE Code	JSWINFRA
Bloomberg Code	JSWINFRA IN
Face Value (Rs)	2.0
CMP (Rs)	256.6
Market Cap (Rs. cr)	53,886.0
52 Week High/Low (Rs)	276/142
1M/3M/12M (Del. Volume) in Lakh	31.9/26.1/NA

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
Revenue	2,273.0	3,195.0	3,714.3	4,484.0
EBITDA	1,109.0	1,623.0	1,944.1	2,420.9
OPM (%)	48.8	50.8	52.3	54.0
Net Profit	330.0	750.0	1,144.6	1,493.1
RoE (%)	10.1	18.8	14.6	16.8
PE (x)	166.1	73.1	47.9	36.7
EV/EBITDA (x)	49.3	33.7	28.1	22.6
P/BV (x)	22.1	18.1	9.2	8.2

Source: SSL Research, Bloomberg

Catalyst/Trigger in medium to long term:

Network of terminals along West and East coast: JSW Infra operates a network of ports and terminals with a cumulative capacity of 170 MTPA located at Dharamtar and Jaigarh in Maharashtra, South West port in Goa, New Mangalore (container and coal terminal) in Karnataka, Ennore (Bulk and coal terminal) in Tamil Nadu and Paradip (Iron ore and coal terminal) in Odisha. These ports are well connected to the industrial hinterlands of Maharashtra, Goa, Odisha, Tamil Nadu, Andhra Pradesh and Karnataka. JSW Infra handles the captive cargo of JSW Group companies such as JSW Steel, JSW Energy, JSW Cement and JSW Paints accounting for 61% of the company’s total cargo volume in 9MFY24.

Capacity expansion: The company is on an expansion spree currently. It recently completed the acquisition of PNP Port, located opposite to the company’s Dharamtar port. PNP currently has a 5 MTPA capacity with road and rail connectivity which can be scaled up to 19 MTPA. JSW Infra has also completed the acquisition of 465,000 cubic meter Liquid storage facility at Fujairah, UAE which gives the company an entry in to the lucrative liquid storage segment. JSW Infra is setting up an all-weather greenfield port at Keni in Karnataka with an initial capacity of 30 MTPA. The company has also received environmental clearances for another greenfield port at Jatadhar in Odisha. On the brownfield expansion front, JSW Infra is increasing capacity at its New Mangalore container terminal and developing a 2 MTPA LPG/Propane terminal at Jaigarh port.

Government focus on reducing the logistics cost: The coal ministry in Aug’23 has taken an initiative to promote Rail-Sea-Rail route for transportation of coal from the mines primarily in the Eastern States to the power plants in Western India. This entails transporting the coal via railways to the terminals on the East coast followed by sea transport to the West coast and then again via railways to the thermal, steel and cement plants. JSW Infra will be a major beneficiary as its coal terminals at Paradip, Ennore and Mangalore are strategically located in proximity to coal mines and industrial areas.

Valuation: The company is likely to report 22%/41% EBITDA/PAT CAGR over FY23-25E. At CMP, the stock is trading at FY24E/FY25E PE of 47.9x/36.7x and EV/EBITDA of 28.1x/22.6x respectively based on Bloomberg consensus earnings.

Key Risks: Slowdown in cargo volumes; Weather related disruptions damaging the port infrastructure

Investment Thesis

Key Business USP: Blue Star Ltd is a manufacturer and seller of air conditioners, air coolers, water purifiers, commercial refrigerators and chillers. It also offers turnkey solutions in MEP (Mechanical, Electrical, Plumbing) projects. Blue Star also has a Professional Electronics and Industrial Systems (PEIS) segment where it is a seller of medical equipment and other industrial systems. Blue Star has a wide manufacturing footprint in India with 7 plants located across Himachal Pradesh, Ahmedabad, Dadra Nagar Haveli, Wada and Sri City.

Stock Data	
BSE Code	500067
NSE Code	BLUESTARCO
Face Value (Rs)	BLSTR IN
Bloomberg Code	2.0
CMP (Rs)	1,290.0
Market Cap (Rs. cr)	26,524.3
52 Week High/Low (Rs)	1,339/672
1M/3M/12M (Del. Volume) in Lakh	1.0/1.3/1.4

Catalyst/Trigger in medium to long term:

Anticipation of strong summer season: The IMD has predicted high temperatures during the March-May summer season in India in 2024. This is expected to generate healthy demand for Room ACs this summer season. Last year, the AC industry was impacted by unseasonal rains which lowered the temperatures and the demand for cooling products. This had led to lower volume growth and higher channel inventory. However, the channel inventory has reduced post the strong demand witnessed during the festive season. The company is witnessing substantial demand from Tier 3,4 and 5 cities and towns.

Expanding market share: Blue Star's all India market share in room ACs stood at 13.8% as of Dec'23. The company continues to do well in the South, West and East. It is looking to penetrate the Northern market with the launch of new products and improve its market share in the North which currently stands at 11.8%. Blue Star is targeting to achieve 15% market share on a pan India basis by FY25E.

Healthy order book in the projects business : The company has a healthy order book of Rs 5,787 cr (as of Dec'23) in the MEP projects segment catering to air conditioning in factories, data centres and commercial buildings as well as railway electrification projects. The company also has a healthy presence across metro rail projects in India providing ventilation systems for stations and air conditioning inside the metro coaches. The company does not have any international projects in the order book currently.

Stable margin outlook: The pricing environment in the RAC industry is currently stable. This coupled with easing of supply chains, localization of components and PLI benefits is expected to stabilize the UCP segment margin for Blue Star in the 7-8% segment. The lead distance to its stronger Southern market has reduced post the opening of the Sri City plant leading to lower logistics cost and working capital requirement.

Valuation: At CMP, Blue Star Ltd is trading at P/E multiple of 66.7x/49.8x of its FY24E/FY25E Bloomberg consensus estimates. Bumper summer season is expected to drive demand for room ACs and commercial refrigerators for the company. Market share gains along with improvement in margins should drive earnings growth over FY23-25E.

Key Risks: Fluctuations in commodity prices; Unseasonal rains dampening summer demand for ACs; Delay in the MEP project execution

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
Revenue	6,064.0	7,977.0	9,486.5	11,315.6
EBITDA	347.0	500.0	656.3	828.7
OPM (%)	5.7	6.3	6.9	7.3
Net Profit	168.0	227.0	401.4	530.2
RoE (%)	16.5	17.1	17.1	19.5
PE (x)	150.3	118.8	66.7	49.8
P/BV (x)	26.5	20.3	11.5	9.9

Source: SSL Research, Bloomberg

Investment Thesis

Key Business USP: Shyam Metals and Energy Ltd (SMEL) is a leading multi-metal conglomerate with footprints in carbon steel, stainless steel, speciality alloys and aluminum foil along with captive power plants. It is a leading integrated metal producing company based in India with a focus on long steel products and speciality alloys. They are amongst the largest producers of speciality alloys, one of the leading players in terms of pellet capacity and the fourth largest player in the sponge iron industry in terms of sponge iron capacity in India.

Stock Data	
BSE Code	543299
NSE Code	SHYAMMETL
Face Value (Rs)	10.0
Bloomberg Code	SHYAMMET IN
CMP (Rs)	654.9
Market Cap (Rs. cr)	18,279.0
52 Week High/Low (Rs)	772.3/253.1
1M/3M/12M (Del. Volume) in Lakh	3.6/8.1/4.5

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
Revenue	10,394.0	12,610.2	13,996.8	20,535.5
EBITDA	2,599.7	1,486.0	1,578.3	2,703.6
OPM (%)	25.0	11.8	11.3	13.2
Net Profit	1,724.2	848.4	824.0	1,508.0
RoE (%)	31.5	13.6	11.4	14.9
PE (x)	20.6	10.0	19.7	12.4
P/BV (x)	3.0	2.4	2.0	1.7

Source: SSL Research, Bloomberg

Catalyst/Trigger in medium to long term:

Merger with Mittal Corp: Shyam Metals has guided to generate revenue of Rs 15 bn - Rs 18 bn at Mittal Corp in FY25. Merger with Mittal Corp got completed in Oct'23. The current capacity utilization stands at 35%-40% and it aims to scale up to ~75%-80% in FY25. Additionally, the company aims to produce further downstream products such as bright bars, wires and other innovative products at Mittal Corp. The melt shop at Mittal Corp has been refurbished to the extent of 60% and is expected to be operational in FY25. Another 30% will take additional 2-3 months to properly re-regularize all the processes.

Capex: Balance capex to complete the projects stands at Rs 55,000 cr. The company expects to spend Rs 3.8 bn in 4QFY24. For FY25/FY26, the company is likely to incur a capex of Rs 2,000 cr/Rs 1,800 cr respectively and balance in FY27. Till date, the company has incurred a capex of Rs 43.4 bn. Entire amount of capex is expected to be financed through internal accruals.

Robust 3QFY24 performance: Consolidated Sales/EBITDA/PAT increased by 13.5%/83.3%/94.2% YoY to Rs 3,315 cr/Rs 407 cr/Rs 126 cr respectively. Higher volume, cost efficiencies and refined product mix drove performance. EBITDA margin expanded by 468 bps YoY to 12.3%. Net debt decreased to Rs 235 cr in 3QFY24 vs Rs 246 cr in 2QFY24. Post QIP proceeds of Rs 1,385 cr, the company is in net cash position of Rs 1,209 cr.

Higher energy security: The company is targeting to increase its energy capacity from 240 MW to 600 MW by FY27 through Waste heat recovery boilers (WHRB), coal and solar route.

Attractive Valuation: At CMP, Shyam Metals & Energy Ltd is trading at EV/EBITDA multiple of 7.6x/5.9x of its FY24E/FY25E earnings based on Bloomberg estimates.

Key Risks: Sharp fall in pellet and rebar prices; Delay in commissioning of capacities.

Investment Thesis

Key Business USP: Jammu & Kashmir Bank (J&KBANK) was founded in 1938 and is headquartered in Srinagar. The Govt. of J&K holds a 59.41 % stake in the bank. The bank benefits from the continuing support received from the Govt of J&K considering its majority shareholding and the importance of the bank in its regions of operation in J&K and Ladakh. The bank's deposit franchise and position in the union territory (U.T.) of Jammu and Kashmir (J&K) remains strong, with the improvement in the economic environment in the U.T. post abrogation of Article 370.

Stock Data	
BSE Code	532209
NSE Code	J&KBANK
Bloomberg Code	JKBK
Face value (Rs)	1.0
CMP (Rs)	146.8
Market Cap (Rs. cr)	16,170.8
52 Week High/Low (Rs)	152.4/44.5
1M/3M/12M (Del. Volume) in Lakh	2.0/2.3/2.4

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
NII	3,911.2	4,745.3	4,608.0	5,068.8
Net Profit	501.6	1,197.4	1,553.3	1,746.9
NIM (%)	6.9	4.0	5.0	5.0
RoA (%)	0.4	0.9	1.0	0.9
RoE (%)	12.4	13.3	14.0	13.4
GNPA %	8.7	6.0	4.4	3.2
PCR %	84.2	86.2	91.6	91.6
PE (x)	26.7	12.4	10.2	9.0
P/BV (x)	1.6	1.5	1.3	1.1

Source: SSL Research

Catalyst/Trigger in the medium to long term:

Healthy 3QFY24 performance: NII stood at Rs 1280.4 cr growing at 2% YoY and PAT stood at Rs 421.08 cr growing at 35% YoY. The Advances stood at Rs 89,752.3 cr growing at 16% YoY and deposits stood at Rs 1.2 tn growing at 9% YoY. GNPA and NNPA stood at 4.84% and 0.83% respectively compared to 7.25% and 2.08% as of Dec'22 while the PCR as of Dec'23 was at 91.61% as compared to 84.83% as of Dec'22.

Capex Tailwind: The credit growth trajectory is improving in the state with rising activity in tourism, horticulture, MSME as well as infrastructure segment. So, going forward, the overall credit growth in the J&K state is expected to remain in the range of 15%-17%.

The C/I ratio is expected to reduce: The bank has guided for reduction of employee costs with the retirement of senior staff. The cost-income ratio (C/I) stood at 62.3% as of Dec'23 and going ahead the bank has guided to improve it to 50% level in the next 3-4 years.

Asset Quality has witnessed improvement: Stressed accounts related to the hospitality sector are seeing improvement due to the recovery of tourism and increased levels of economic activities which have resulted in reducing the rate of incremental slippages. The restructured book stood at Rs 100 cr in Dec'23. The bank is also maintaining a buffer of additional provisions of Rs. 113 cr and a floating provision of Rs. 124 cr. The total contingency provisions that the Bank is maintaining stood at Rs. 670 cr.

Bank has a very strong deposit franchise: J&K bank has a comfortable resource profile because of its stable deposit base. With 88% of deposits from the U.T. of J&K, the bank has a strong market penetration in the region. The share of the low-cost current account and savings account (CASA) deposits in total deposits was high at 53.29% as of Dec'23, which is one of the highest among its peers.

Valuation: Presently, the bank is trading at 1.3x/1.1x P/BV of FY24E/FY25E book value. Going forward, we expect strong margins, improving operating leverage and lower provisions which would keep profitability strong. The bank has guided for a RoA of 1.4-1.5% in the long term and 1.25% in the medium term.

Key Risks: Instability in the state; Moderation in capex led growth and rising cost of fund

Investment Thesis

Key Business USP: Manappuram Finance Ltd (MANAPPURAM) is a Non-Banking Financial Company (NBFC) with a diversified lending portfolio. Initially, the company was focusing on gold financing, but later on it expanded into Microfinance (MFI), Vehicle, and Affordable Housing Finance through its subsidiaries. The company has pan-India presence of over 5,000 branches and a consolidated employee strength exceeding 45,000 as Dec'23.

Stock Data	
BSE Code	531213
NSE Code	MANAPPURAM
Bloomberg Code	MGFL IN
Face value (Rs)	2.0
CMP (Rs)	186.2
Market Cap (Rs. cr)	15,764.8
52 Week High/Low (Rs)	193/102
1M/3M/12M (Del. Volume) in Lakh	1.3/2.7/7.3

Catalyst/Trigger in the medium to long term:

AUM growth from non-gold segments: Manappuram reported robust Asset Under Management (AUM) growth in 3QFY24, primarily driven by the non-gold segments. The company aims to maintain strong growth in 4QFY24, projecting a daily customer addition at a run rate of around 5,000 customers. It targets a significant proportion of the portfolio to be non-gold by FY25E. This strategic shift is expected to drive loan growth at a CAGR of approximately 17% over FY24-26E.

Stable margins despite higher COF: Despite of a sequential increase in Cost of Funds (CoF) mainly due to regulatory changes affecting lending to NBFCs, Manappuram remained confident of maintaining stable margins by enhancing exposure to term loans and managing liability tenure.

The non-gold segment is RoE accretive: Management aspires to maintain gold and non-gold portfolios in the ratio of 50%:50%. Management highlighted that other non-gold businesses are showing strong growth on a lower base. Though RoA is lower in other non-gold businesses, it helps in reducing the cyclical nature of the business and improving efficiency and RoE.

Asset quality likely to improve from 4QFY24E onwards: Manappuram expects asset quality pressures in Q3FY24 particularly in the gold and MFI portfolios to subside going forward. The negligible credit cost in the gold portfolio and the management's strategies to address challenges in the MFI segment including weekly collections and tightened underwriting norms are expected to improve asset quality. Additionally, the increase in gold prices is anticipated to positively impact asset quality in the coming quarters.

Valuation: Presently, the stock is trading at 1.4x/1.2x P/BV of FY24E/FY25E book value. Considering the company's healthy growth prospects and resilient asset quality, we remain positive on the stock. Going ahead, we expect stabilization in gold loan yield, the turnaround in MFI business and traction in other segments like housing/MSME will be key positive developments for Manappuram Finance.

Key risks: Unsuccessful execution of its growth plans and rising cost of fund

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
NII	3839.5	4252.6	5115.6	5899.6
Net Profit	1328.4	1495.9	2214.0	2374.3
NIM (%)	11.8	11.6	12.6	12.5
RoA (%)	4.1	4.1	5.1	5.0
RoE (%)	16.9	16.6	20.1	19.2
GNPA %	3.1	1.3	2.0	2.0
PCR %	10.0	15.4	10.0	10.0
PE (x)	11.7	10.4	7.4	6.5
P/BV (x)	1.9	1.6	1.4	1.2

Source: SSL Research, Bloomberg

Investment Thesis

Key Business USP: V-Guard Industries Ltd is a manufacturer and seller of consumer durables such as voltage stabilizers, UPS, inverters, fans, pumps, wires and cables, switchgears, modular switches, water heaters and kitchen appliances. It is a strong player in the Southern market especially in the UPS and home inverter battery segment.

Stock Data	
BSE Code	532953
NSE Code	VGUARD
Bloomberg Code	VGRD IN
Face Value (Rs)	1.0
CMP (Rs)	344.5
Market Cap (Rs. cr)	14,956.3
52 Week High/Low (Rs)	350/238
1M/3M/12M (Del. Volume) in Lakh	3.5/2.4/1.6

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
Revenue	3,500.0	4,126.0	4,808.1	5,425.1
EBITDA	341.0	320.0	420.5	529.5
OPM (%)	9.7	7.8	8.7	9.8
Net Profit	228.0	189.0	256.7	338.7
RoE (%)	16.2	11.8	14.3	16.5
PE (x)	65.3	78.8	57.5	43.9
P/BV (x)	10.6	9.3	8.4	7.3

Source: SSL Research, Bloomberg

Catalyst/Trigger in medium to long term:

Largest player in India for voltage stabilizers: V-guard industries enjoys a leading market share in the voltage stabilizer, UPS and home inverter battery segment. These products find applications in semi urban and rural areas where frequent voltage fluctuations result in damage to appliances such as ACs, refrigerators, washing machines and TVs. Almost 15% of the company's revenue from stabilizers comes from the Room AC segment where the demand is expected to recover in the upcoming summer season.

Sunflame acquisition to expand addressable market: The company acquired 100% stake in Sunflame Industries, a leading kitchen appliances brand for Rs 660 cr in FY23. This acquisition will expand the product portfolio of V-Guard Industries in the domestic appliances segment. Sunflame has superior gross margins and the management is now focusing on accelerating the sales growth. Sunflame will leverage the existing distribution network of V-Guard Industries to expand in the modern trade and e-commerce channels where the brand has had a negligible presence. V-Guard will also expand the brand in the Southern market where it is largely absent currently.

Focus on portfolio premiumisation: V-Guard Industries is looking at scaling up the premium portfolio to drive margin improvement especially in fans, water heaters and kitchen appliances. It is also looking at increasing the in-house manufacturing of these products which will drive margin improvement.

Upcoming summer season to drive demand: The IMD has predicted above normal temperatures in the coming summer season which should drive sales growth for cooling products such as fans and air coolers. Higher power consumption should also lead to greater demand for the company's voltage stabilizers and inverter batteries.

Valuation: At current price, the stock is trading at FY24E/FY25E PE of 57.5x/43.9x respectively based on Bloomberg consensus earnings. Revenue/EBITDA/PAT is expected to grow at a CAGR of 15%/29%/34% over FY23-25E led by sales acceleration in Sunflame appliances on back of distribution and geographical expansion and premiumisation in the existing product portfolio.

Key Risks: Unseasonal rains dampening summer demand for fans; Slowdown in consumer demand

Investment Thesis

Key Business USP: Karur Vysya Bank Ltd (KVB) is a mid-sized commercial bank offering full-fledged banking services with a network of 831 branches and 2,223 ATMs and recyclers as of Dec'23. The bank has a pan India presence but operates bulk of its branches in the Southern region as 87% of its branches are located in 5 states (TN, Karnataka, Kerala, Telangana and AP).

Stock Data	
BSE Code	590003
NSE Code	KARURVYSYA
Bloomberg Code	KVB IN
Face Value (Rs)	2.0
CMP (Rs)	184.8
Market Cap (Rs. cr)	14,790.5
52 Week High/Low (Rs)	204.8/92.8
1M/3M/12M (Del. Volume) in Lakh	0.5/2.2/1.3

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
NII	4,506.7	5,157.0	5,159.1	5,771.3
Net Profit	673.3	1,106.1	1,512.5	1,695.9
NIM (%)	5.3	5.2	4.5	4.3
RoA (%)	0.8	1.1	1.3	1.3
RoE (%)	8.3	12.0	14.4	14.0
GNPA %	6.0	2.3	1.6	1.2
PCR %	63.3	67.9	94.8	94.8
PE (x)	22.3	13.6	9.9	8.9
P/BV (x)	1.7	1.5	1.3	1.2

Source: SSL Research, Bloomberg

Catalyst/Trigger in medium to long term:

Strong 3QFY24 performance: The NII and Net profit during the quarter were up 13%/43% YoY to Rs 1,001.0 cr and Rs 412.0 cr respectively. The NIM was up 25 bps QoQ to 4.32% despite rise in cost of funds. The advances and deposits were up 17.7%/13.0% YoY to Rs 72,692.0 cr and Rs 85,665.0 cr respectively. CASA deposit grew 5%/1% YoY/QoQ to Rs 27,012.0 cr while the CASA ratio was at 32% (-200 bps YoY).

Marked improvement in asset quality: The asset quality (GNPA) improved 112 bps/15 bps YoY/QoQ to 1.58% as of Dec'23 as the slippage ratio continued to head southward at 0.68% versus 3.34% as of FY20. The credit cost continued to head lower at 0.61% as of Dec'23 versus 2.93%/1.47%/1.26%/1.45% in Mar'20/Mar'21/Mar'22/Mar'23 respectively. The management believes that the credit cost of 75 bps will be sustained at the current level going ahead.

Management is aggressive towards growth: The management is confident of growing advances at 14-15% on a full-year basis. The management also expects RoA of 1.6% for the full year FY24. The bank is looking to expand unsecured books (personal loans and Microcredit) gradually which will help to expand yield and margin. The bank is consciously shedding away low-yielding corporate advances towards better-yielding granular secured advances. This has helped it to maintain margins above 4% levels.

Valuation is still attractive: At CMP, Karur Vysya Bank Ltd is trading at a P/BV multiple of 1.3x/1.2x of its FY24E/FY25E book value per share. We believe the bank offers long-term wealth creation opportunities given it continues to improve its asset quality, margin and return ratio. At 1.55% RoA for 3QFY24, the bank has already outperformed its own guidance much before the timeline.

Key Risks: High geographical concentration (87% of branches are located in 5 states with Tamil Nadu alone accounting for 54% of total branch network); High competition in CASA mobilization will keep cost of funds at elevated level; Unexpected deterioration in asset quality.

Investment Thesis

Key Business USP: Privi Speciality Chemicals Ltd is India's leading manufacturer, supplier and exporter of aroma and fragrance chemicals and a globally preferred supplier of bulk aroma chemicals. It has state-of-the-art integrated manufacturing facilities both at Mahad in Maharashtra and at Jhagadia in Gujarat. It started manufacturing aroma chemicals in the year 1992 with only two products, which it gradually expanded to a range of over 50 products, having a capacity of over 40,000 tons per annum.

Stock Data	
BSE Code	530117
NSE Code	PRIVISCL
Face Value (Rs)	10.0
Bloomberg Code	PRIVISCL IN
CMP (Rs)	1,173.0
Market Cap (Rs. cr)	4,577.0
52 Week High/Low (Rs)	1,360.0/947.7
1M/3M/12M (Del. Volume) in Lakh	0.2/0.2/0.1

Catalyst/Trigger in medium to long term:

Update on new multiple products: Privi had announced expansion plan of Rs 800 cr way back in Sept'19 pertaining to three products i.e. Camphor, Galaxmusk and Prionyl with a volume of close to about 10,000 metric tonnes. During Jan'24/Feb'24, the company received permission from the Government of Maharashtra and Government of Gujarat for Environment Clearance (EC). Officially, CY24 will be the first year of full-fledged contracts and the company expects to clock a capacity utilization of ~75%-80%. For FY25, the company expects Galaxmusk/Camphor and Isoboronel/Prionyl to contribute 3,600-4,200 tonnes p.a./3,000-3,600 tonnes p.a./5-6 tonnes p.m. respectively. The company expects an additional revenue of Rs 200 cr – Rs 250 cr from these products in CY24.

JV with Givaudan: Privi and Givaudan has signed a JV agreement to set up a new greenfield production facility to manufacture small-volume fragrance ingredients of medium to high complexity, also known as specialty ingredients. The company expects at least 60%-70% of the commissioning by June'24-Sept'24. Out of 40 products, 5-10 products are expected to operationalize in the same period.

FY25 outlook: The company has guided volume and value growth of close to 25% YoY and 10% YoY respectively. On returns front, the company expects RoE and RoCE to clock mid to high teens by the end of FY25.

Cost saving measures: Privi had entered into a power purchase agreement with Radiance MH Sunrise Ten where the benefits of overall power savings will flow from Jan'24 onwards amounting to Rs 6 cr – Rs 6.5 cr per annum.

Attractive Valuation: At CMP, Privi Speciality Chemicals Ltd trades 20.1x TTM EV/EBITDA multiple.

Key Risks: Supply disturbances of its key raw material Crude Sulphate Terpentine (CST); Forex risk due to significant import and export transactions.

Particulars (Rs Cr)	FY20A	FY21A	FY22A	FY23A
Revenue	1,324.0	1,276.6	1,403.7	1,607.8
EBITDA	221.0	207.6	193.8	185.9
OPM (%)	16.7	16.3	13.8	11.6
Net Profit	146.0	116.9	97.4	21.3
RoE (%)	23.9	16.2	12.0	2.6
PE (x)	32.1	40.0	48.0	210.4
P/BV (x)	7.6	6.5	5.7	5.6

Source: SSL Research, Bloomberg

Investment Thesis

Key Business USP: Garware Hi-Tech Films Ltd (GHFL) is a global manufacturer of Solar Control Films, Paint Protection Films and other specialty polyester films. GHFL is one of the few companies in the world to have a vertically integrated chips-to-film operation in Chhatrapati Sambhaji Nagar (Aurangabad), Maharashtra, India, with state-of-the-art facilities to produce a highly flexible product mix. GHFL derives ~82% of revenue from exports, primarily driven by North America and Asian markets.

Stock Data	
BSE Code	500655
NSE Code	GRWRHITECH
Bloomberg Code	GRWRHITE IN
Face value (Rs)	10.0
CMP (Rs)	1,830.6
Market Cap (Rs. cr)	4,210.4
52 Week High/Low (Rs)	2,200.0/491.4
1M/3M/12M (Del. Volume) in Lakh	0.3/0.2/0.3

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
Revenue (Rs cr)	1,302.6	1,438.0	1,678.0	2,035.0
EBITDA (Rs cr)	238.1	227.2	265.1	321.5
OPM (%)	18.3	15.8	15.8	15.8
Net Profit	167.2	166.1	212.0	292.0
RoE (%)	10.2	9.3	20.3	22.1
PE (x)	25.2	25.3	19.9	14.4
P/BV (x)	2.5	2.3	2.0	1.8

Source: Bloomberg, SSL Research

Catalyst/Trigger in the medium to long term:

Strong product portfolio: GHFL's product offerings are divided into three categories viz. Consumer Product Division (CPD) where it manufactures Solar Control Film (SCF), Paint Protection Film (PPF), Safety Film & Architectural Film, Industrial Product Division (IPD) wherein it has two sub-segments – i. IPD-Special for shrink films, electrical & electronics specialty films and release liners ii. IPD-Commodity for thermal lamination, plain film, packaging & lidding film and metalized film. CPD and IPD-Special are part of the value-added business of GHFL and the same contributed ~91% to the total revenue in 3QFY24.

Robust manufacturing facilities: The company has 2 fully vertically integrated chips-to-film manufacturing facilities with an annual CPD and IPD capacities of 4,500 lakh sq. ft and 42,000 MT respectively. These facilities are capable of scaling up production with fungible capacities.

Transition into value-added business led to improved financials: Prior to FY18, GHFL was primarily into highly commoditized polyester films manufacturing mainly catering to industrial applications and had low margins. However, over the years, the company shifted its focus to value-added products like SCF, PPF and Shrink films having higher margins. The share of value-added products increased from 48% in FY17 to 88% as of 9MFY24 which has resulted in improvement in EBITDA margin of ~1,080 bps to 18.8% over the similar period.

Highest ever quarterly performance in 3QFY24: GHFL has been delivering stellar performance since last 4-5 quarters but in the recently concluded 3QFY24, the company gave its best ever quarterly performance. It generated highest ever quarterly Revenue/EBITDA/PAT of Rs 453.6 cr/Rs 75.1 cr/Rs 55.9 cr representing growth of 39.9%/66.7%/86.7% YoY respectively. EBITDA margin grew 269 bps YoY to 16.6%. The growth was largely driven by the CPD segment encompassing PPF and SCF business which grew 80% YoY. This was partially offset by decline of 9% YoY in the IPD segment due to over-capacity in the industry.

Valuation: At current price, the stock trades at FY24E/FY25E PE multiple of 19.9x/14.4x of its Bloomberg consolidated earnings respectively. The company has zero debt and is cash surplus which allows it to invest in future growth opportunity.

Key Risks: Volatility in raw material prices; Foreign exchange fluctuation; Slowdown in global economy; Regulatory risk specific to geography due to environmental hazards of plastic

Investment Thesis

Key Business USP: Windlas Biotech Ltd is a leading domestic generic formulations CDMO company present across the pharmaceutical value chain and has license to manufacture 5,370 products across 4 plants and +7.3 bn tablets/capsules capacity. The company caters to 371 customers including 7 of the top 10 Indian pharmaceutical formulation companies.

Stock Data	
BSE Code	543329
NSE Code	WINDLAS
Bloomberg Code	WINDLAS IN
Face value (Rs)	5.0
CMP (Rs)	547.0
Market Cap (Rs. cr)	1,137.7
52 Week High/Low (Rs)	220.6/590.9
1M/3M/12M (Del. Volume) in Lakh	0.8/0.7/0.4

Particulars (Rs Cr)	FY22A	FY23A	FY24E	FY25E
Revenue (Rs cr)	465.9	513.1	600.3	708.4
EBITDA (Rs cr)	52.4	60.2	74.9	93.7
OPM (%)	11.2	11.7	12.5	13.2
Net Profit	38.1	42.6	52.5	66.6
RoE (%)	9.7	10.6	11.8	13.4
PE (x)	30.5	28.8	22.5	17.7
P/BV (x)	3.0	2.9	2.7	2.4

Source: Bloomberg, SSL Research

Catalyst/Trigger in medium to long term:

Marquee customer base: The company maintains strong, exclusive & long-standing relationships with leading Indian pharmaceutical companies offering dosage innovations and developing complex generics products. Windlas provides generic CDMO services to 7 of the top 10 and 15 of the top 20 pharmaceutical companies. The company's focus on quality manufacturing and development practices makes it a preferred partner to over 371 customers.

Diverse product portfolio: Windlas provides Generic Formulations CDMO products & services ranging from product discovery, product development, licensing and commercial manufacturing of complex generic products in compliance with current GMP. The company's generic formulations CDMO products grew at a CAGR of 12% between FY19-FY23 outperforming IPM, showcasing continued traction in the services offered.

Capitalizing on industry tailwinds: The domestic formulation CDMO market is expected to be valued at Rs 370-410 bn by FY25, with customers asking for high quality R&D and manufacturing. The company's strong focus on quality offerings and regulatory accreditations makes it as one of the premiere CDMO destination for its customers.

Strong 3QFY24 result: Revenue/EBITDA/PAT grew 35.5%/45.8%/64.3% to Rs 162 cr/Rs 20 cr/Rs 15 cr respectively. Gross margin/EBITDA margin improved 60 bps/88 bps YoY to 37.3%/12.5% respectively led by softening raw material prices, operational efficiencies and new customer additions. The growth during the quarter was led by strong performance in all the three business verticals ie. CDMO, Trade generics & OTC and export formulations.

Attractive valuation: At CMP, the stock is trading at FY24E/FY25E P/E multiple of 22.5x/17.7x respectively. The company continues to focus on increasing its customer base and expanding its product range in Generic Formulation CDMO, other business verticals and increasing wallet share from customers.

Key Risks: Changes in regulatory environment; Sudden increase in raw material prices; Customer concentration risk.

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SEBI Registration No.: Stock Broker: INZ000200032 | DP Registration No.: IN-DP-314-2017 | Research Analyst : INH000000602

Portfolio Manager: INP000004912 | IRDA : CA0103 | PFRDA Registration No: POP 26092018

Registered & Corporate Office: Marathon Futurex, Unit No. 1201, B-Wing, 12th Floor, N M Joshi Marg,
Mafatlal Mill Compound, Lower Parel East, Mumbai 400013

For any information contact us:

(022) 6854 5555 | E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in

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Name	Qualification	Designation
Sudeep Shah	MBA (Finance)	DVP – Technical & Derivative Research
Sunny Agrawal	B.E., MBA (Finance)	DVP – Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP Research
Monica Chauhan	CA	Research Analyst – Equity Fundamentals
Harsh Vasa	CA	Research Analyst – Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst – Equity Fundamentals
Sweta Padhi	MBA (Finance)	Research Analyst – Equity Fundamentals
Vinayak Gangule	B.E.(IT)	Research Analyst - Equity Technicals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Ghanshyam Gupta	MBA (Finance)	Research Analyst - Currency Derivatives
Pratik Patni	Msc (Biotech Entire)	Research Analyst - Equity Derivatives
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Uday Chandgothia	B. Tech, MBA (Finance)	Research Associate - Equity Fundamentals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research