MEHTA
REWARDING RELATIONSHIPS

Oct 2024 Edition | Volume: 22 | Issue: 22

MCONNECT

A QUARTERLY MAGAZINE

30 SAAL BEMISAAL
REWARDING RELATIONSHIPS

"All past declines look like an opportunity all future declines look like a risk."

MORGAN HOUSEL
Noted investor

FUND EXPERT
Mr Anil Ghelani, CFA
Head of Passive Investments & Products
DSP Mutual Fund

"SAMVAT 2081"
Muhurat Trading and Investments Ideas 2024

BULLION MARKET EXPERT
Mr Prithviraj Kothari
Managing Director
RiddiSiddhi Bullions Limted (RSBL)

Happy investing and wishing everyone a Happy Diwali and a prosperous Samvat 2081

OUR PRODUCTS AND SERVICES

STOCK BROKING

- Retail
- Family Offices
- Corporates
- Domestic Institutions
- Foreign Institutions

WEALTH MANAGEMENT

- MF Distribution
- PMS
- AIF
- InvITs
- REITs
- P2P lending products

INVESTMENT BANKING

- Advisory
- Mergers & Acquisitions
- Debt Syndication
- Private Equity
- Venture Capital

Oct 2024 Edition | Volume: 22 | Issue: 22

Dear Readers,

CA Rakeshh Mehta

The year 2024 has brought many positive surprises, especially for India, which outperformed even the most optimistic forecasts despite global market volatility. India's stock markets, the NSE Nifty 50 and S&P BSE Sensex, ranked third and fourth among global indices, with gains of 18.7% and 17%, trailing only the Nasdaq and S&P 500. We expect this rally to extend into 2025.

Indian equities continued to soar across large, mid, and small caps, pushing the market capitalization to USD 5 trillion, making India one of the top 5 equity markets globally. Increased retail participation, rising from 4 crore demat accounts in 2020 to 14 crore in 2024, has deepened the market and reduced reliance on foreign investors. Regulatory support from SEBI, the rise of domestic mutual funds, younger investors, and fintech innovations have further fueled growth.

Despite global economic challenges, India's economy remains resilient, with strong growth, stable inflation, and rising forex reserves. Recent market volatility, largely driven by regulatory measures in mid- and small-cap stocks, should not deter investors. India's structural growth drivers remain robust, and systematic investment plans (SIPs) through mutual funds continue to offer a steady path for long-term growth.

OUR ADVICE TO MARKET PARTICIPANTS:

- While Indian equity markets have delivered strong returns recently, participants should set realistic expectations moving forward. A 15% compound annual growth rate (CAGR) over the next three years is a more reasonable outlook.
- Large-cap stocks are expected to continue performing well as they expand in size. However, be cautious when investing in mid-cap and small-cap stocks, as only a select few are likely to outperform the market. Selectivity is key.
- Micro and SME stocks require careful consideration. Due to their limited liquidity, unlisted stocks can be difficult to value accurately. Investors should be well-informed before entering such positions, as liquidity constraints may pose significant risks.
- A systematic, gradual approach to investing is generally more prudent than lump sum investments. This strategy helps reduce the risk of market timing and allows investors to benefit from market fluctuations over time.
- Always seek advice from financial advisors who have a proven track record and whom you trust. Avoid relying solely on advice from online "finance gurus" or influencers, as their credibility may not always be backed by experience or expertise.
- Remember, the market price today reflects expectations of future earnings, not past performance. Investors should focus on the long-term growth potential rather than historical returns.

Happy Investing

Shubh Diwali!

MARKET COMMENTARY

Mr Rajat Mehta
CEO, Wealth Management,
Mehta Equities Ltd.

Mr Samridh Poddar
MMFS-PMS,
Mehta Equities Ltd.

The Indian equity markets have demonstrated resilience despite global geopolitical uncertainties and the upcoming U.S. elections. Market sentiment has been buoyed by several positive domestic and global macroeconomic factors, including:

1 US Fed Rate Cut

A 50 bps reduction, marking the start of an easing interest rate cycle.

2 Government Infrastructure Investment

Sustained focus on infrastructure development.

3 Robust GST Collections

September 2024 collections hit ₹1.72 trillion, up 6.5% year-on-year.

4 Easing Inflation

Headline inflation (WPI) moderated to around 1.3%.

5 Labor Market Improvement

Growth in both job openings and wages.

6 Uptick in Private Capital Expenditure

Increased investment by the private sector.

Amidst the volatility, our portfolio remained aligned with benchmark indices, reflecting the overall market performance in September.

As Corporate India prepares to announce its Q2FY25 results, we continue to remain optimistic in our core sector allocation. In the upcoming earnings season, key areas to closely monitor include deposit growth, credit costs, and loan book quality in BFSIs; volume and pricing growth in QSRs and FMCG; capacity utilization and capital expenditure in the cement sector; and the impact of volatile commodity prices on margins in auto ancillary and chemicals. Additionally, across sectors we will track investments in new products and services, leverage ratios, and half-yearly operating and free cash flows, as these will be essential indicators of overall sector performance.

In conclusion, it is reasonably possible for the markets to witness volatility in the short- to medium term due to the current valuation premium relative to long-term averages, and, several external factors such as: i) geopolitical uncertainties, ii) fluctuating commodity prices, and, iii) monetary policy direction of major central banks, which could further add to market volatility. Despite these challenges, we believe that investors should look to deploy capital cautiously as when the opportunity arises.

PERFORMANCE SNAPSHOT

The PMS portfolio and the market indices have performed as under for the last 5 years:

TWRR(%)	Monthly	Quarterly	1 Year	2 Year	3 Year	5 Year
MMFS	3.0%	9.9%	35.6%	31.5%	22.9%	25.5%
Nifty	2.3%	7.8%	33.0%	24.5%	15.5%	19.5%
BSE 500	2.5%	7.5%	40.0%	27.3%	17.5%	21.5%

Performance as of 30th September 2024

** Portfolio Inception Date: 9th August 2018, Returns are net of fees and expenses; any Performance Related Information is not verified by SEBI*
** Individual Performance & Holdings may vary depending on the time of investment in the scheme*

MMFS SNAPSHOT

Name of the Scheme	**Mehta Multi Focus Strategy (MMFS)**
Type	Portfolio Management Service
Investment Objective	To provide long-term capital appreciation by investing in companies that are largely undervalued, under researched and ignored by the market
Minimum Investment Amount	INR 50 Lakhs
Investment Universe	Sector Agnostic
Benchmark Index	Nifty / BSE Mid-Cap
Inception Date	9th August 2018
Fund Manager	Mr. Rajat Mehta and Mr. Samridh Poddar

PMS FEE SCHEDULE

Nature of Fees	Fees %
Fixed Management fees based on AUM	0.25% every quarter based on daily weighted average
Hurdle Rate	10.00%
Performance based Management fees	15.00% profit sharing on high watermarking basis with a catch up clause
Exit Load	1 year or less - 3.00% | 1 - 2 years - 2.00% | 2 years + - nil

For More Details Contact :
Ms Jayanti Goswami
PMS Operation
Direct No. : +91-2261507146

INSIGHTS INTO THE GOLD & BULLION MARKET

Mr Prithviraj Kothari
Managing Director,
RiddiSiddhi Bullions Limted (RSBL)

Over the past two years, gold prices have been underpinned by strong physical demand from China and central banks. However, investor flow, and specifically retail-focused ETF building, remains crucial for a further sustained gain during the upcoming Fed cutting cycle. Initiating its easing cycle on September 18, the Fed projected 50 basis points of rate reduction by year's end and a full percentage point of decreases the following year.

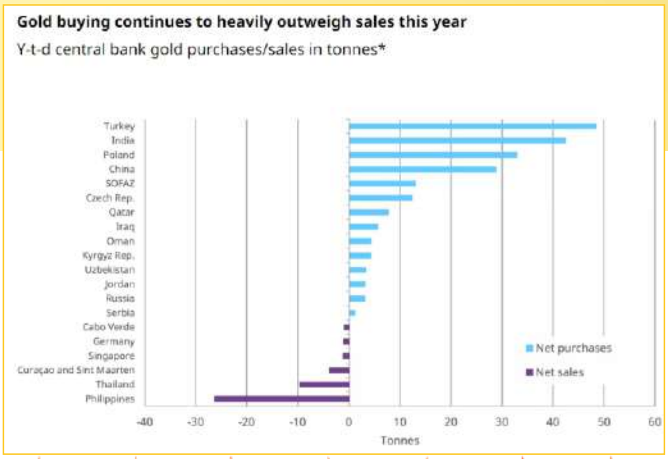
During times of global instability and low interest rates, gold is typically favoured as an investment. The U.S. presidential election on November 5th may possibly lead to a further increase in gold prices, as investors may seek safe-haven assets due to possible volatility in the markets.

GLOBAL FACTORS IMPACTING THE GOLD RALLY

Gold has been the best-performing asset class in 2024, rising around 30% in international markets and 22% in domestic markets with prices surpassing the $2700/oz (~ Rs 76400) mark. The global central banks' ongoing gold purchases, the US Federal Reserve's rate cuts, the geopolitical unpredictability of the world's markets, the slowdown in the Chinese economy, and the recent monetary stimulus measures taken by the Chinese central banks are all responsible for the strong performance.

1 Central Bank Buying

This year's central bank gold demand is probably being influenced by the gold price increase, but the long-term pattern of net purchasing is still in place. Total gold holdings added by central banks around the world from January to July is around 520 tonnes. Turkey, India and Poland have been the top buyers, while the Philippines and Thailand are the net sellers.



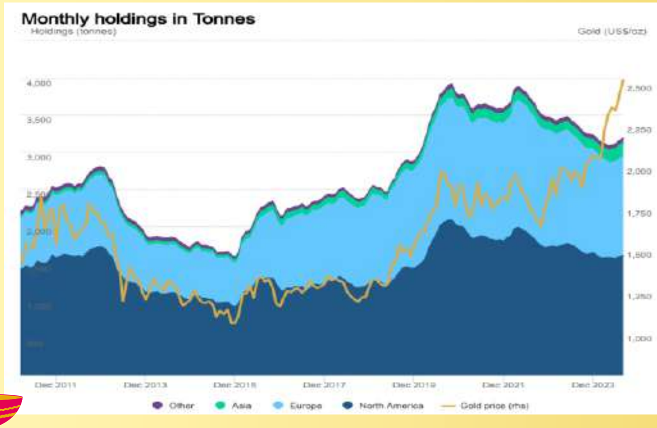
2 FED Rate Cut Cycle

Even if inflation is still high, gold is still in a favourable position as the Federal Reserve cuts interest rates to support a contracting labour market. After a 50-bps rate cut and a warning that rates may drop to 3% by 2026. It's evident that the Fed is relaxing, which is good news for yellow metal. With central banks all over the globe starting to lower interest rates, gold is still the primary hedge against currency devaluation on a worldwide scale.

GUEST COLUMN

3 Gold CFTF positioning

Due to the ongoing rate-cut cycle by the Federal Reserve, geopolitical worries in the Middle East, and expectations of increased festival demand in India, investors are still building long positions in gold. U.S. traders have lately entered the speculative phase headed by China, with futures long holdings at a nearly four-year high (315,000 contracts), producing a market that is mostly unaffected by normal drivers.



4 ETF Holdings

Four months in a row, there have been inflows into global gold ETFs: all regions had positive flows, with Western funds leading the way. The y-t-d losses for global gold ETFs further decreased to $1bn as a result of nonstop inflows between May and August. Additionally, the 2024 holdings reduction has been reduced to 44t. In the meantime, during the first eight months of 2024, the total AUM increased by 20%. Asia has seen the most inflows this year ($3.5 billion), while the leading outflows are from North America (-$1.5 billion) and Europe (-$3.4 billion)

5 Dollar Index

The Dollar Index has slipped below the highly crucial psychological milestone of the 100 mark as the US Dollar's role as the major global reserve currency is being threatened. The combination of better risk sentiment and lowered Fed rate expectations is fundamentally unfavourable. Since gold doesn't generate interest, cuts in interest rates contribute to a declining value of the US dollar, which in turn makes the non-yielding metal more appealing. The dollar index's negative relationship with gold keeps the yellow metal maintained at high levels.

6 Golden Silver Ration

The gold-silver ratio dropped to its lowest levels since July during the last week of September, when gold started to approach $2700 and silver momentarily overtook a 10-year high of over $33. At this point, the gold-to-silver ratio is 84 to 1. The beginning of a silver rally that would see white metal surpass its more costly counterpart would be confirmed by a sustained decline in the gold-silver ratio.

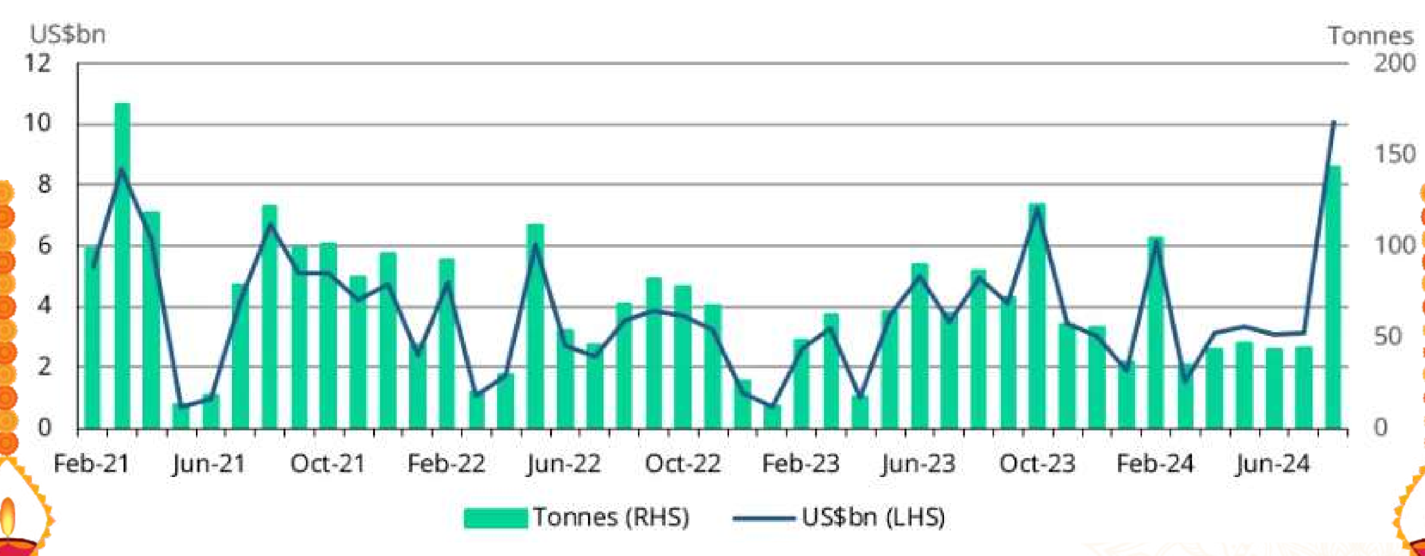
DOMESTIC FACTORS SUPPORTING GOLD

1 RBI Gold Reserves

The Reserve Bank of India's appetite for gold remains high, as indicated by its recent acquisitions. Over the first eight months of the year, the RBI has acquired a total of 50 tonnes of gold, with acquisitions in each month. Up from 7.5% a year ago, the RBI's gold reserves have now reached a record 853.6 tonnes or 9% of its total foreign reserves.

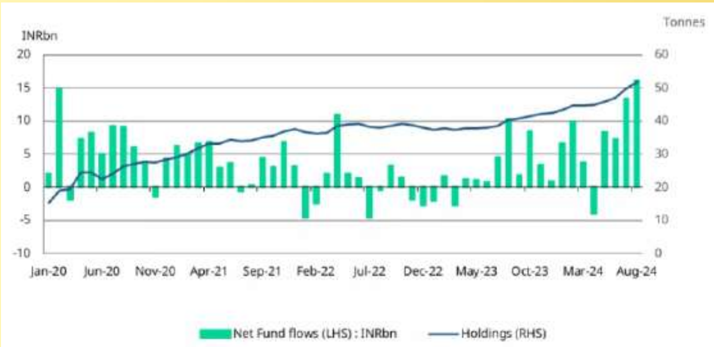
2 India Gold Imports

The Union Budget's announcement of the reduction in import duties and the modifications to the long-term capital gains for gold ETFs has contributed to the rise in gold imports into India. Between January and August, gold imports increased by 30% year over year to almost 485 tons, valued at US$32 billion.



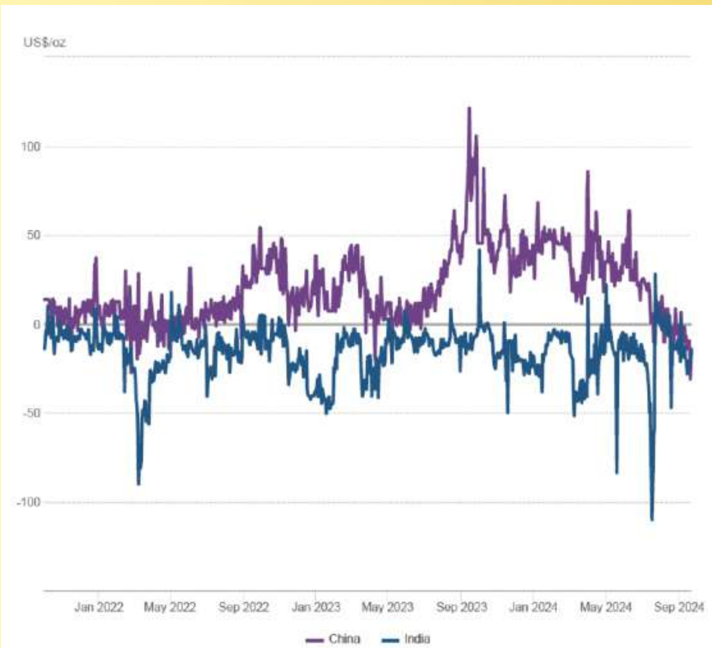
3 Gold ETF Holdings

Investor interest in Indian gold ETF has surged since the end of July. According to AMFI data, net inflows into Indian gold ETFs have reached Rs 61 billion (~$735 million) thus far in 2024, a considerable rise of over Rs 15 billion during the same period in the previous year. Together, these funds have added 9.5tn of gold this year, increasing their total holdings to 51.8tn, a 29% year-over-year rise.



4 Gold Premium/Discount

The gap between domestic and international gold prices has narrowed as a result of rising global prices and increased supply from increased imports. Domestic gold prices have been trading either at a modest discount to or in line with international prices in recent weeks, despite the normalizing but still robust demand.



Diwali Outlook

Overall, with continued global economic uncertainty, gold is expected to retain its appeal as a hedge against inflation and market volatility. Investors may adopt a "buy on dips" strategy as the metal is likely to see periodic fluctuations, but the long-term outlook remains bullish through for next 5-6 months and prices are expected to touch $3000 (~Rs 84000).

Having said that, currently gold prices are in the overbought zone, so we might see a consolidation phase and a retracement with support at $2575 (~Rs 73000) and resistance being the next psychological level of $2750 (~Rs 78000) in the next one month.

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DSP MUTUAL FUND

THE EVOLVING LANDSCAPE OF INVESTMENT:
EMBRACING PASSIVE FUNDS AND DIVERSIFICATION

Mr. Anil Ghelani, CFA
Head of Passive Investments & Products, DSP Mutual Fund

The Evolving Landscape of Investment: Embracing Passive Funds and Diversification

As we navigate an ever-changing financial landscape, the importance of strategic investment approaches cannot be overstated. In particular, passive funds, including ETFs, are gaining traction among investors seeking simplicity and cost-effectiveness. Mr. Anil Ghelani, Senior Vice President of DSP Mutual Fund, emphasizes the significance of these financial instruments in creating well-rounded portfolios, especially in the context of market dynamics and sector performance.

The Case for Passive Funds

The increasing popularity of passive funds in India reflects a broader global trend where passive investment strategies have outperformed active funds in terms of net inflows. Investors are recognizing that passive funds offer a straightforward way to gain exposure to a wide array of asset classes without incurring the higher fees typically associated with active management. As Mr. Ghelani points out, "Passive funds can help investors clearly understand their risk and return profiles, making them an appealing option for both new and seasoned investors.

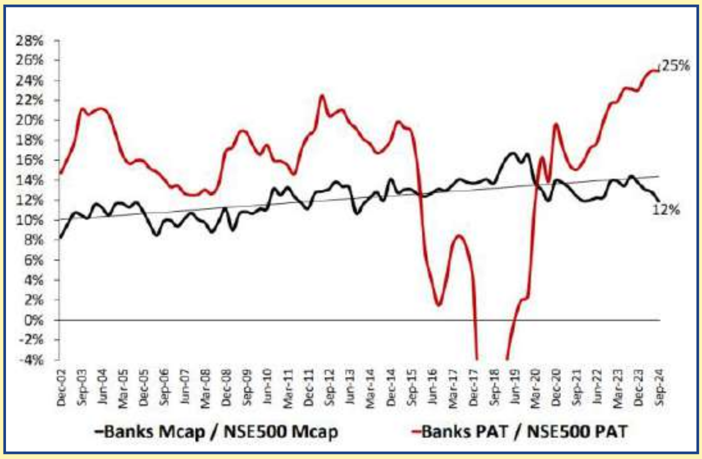
This surge in interest is driven by the desire for diversified, low-cost investment options. ETFs, in particular, offer the benefits of liquidity and transparency, allowing investors to react quickly to market movements. As the mutual fund industry in India continues to grow, it is anticipated that the share of passive funds will increase, potentially reaching 25% of total assets under management in the next three to five years".

Sectoral Strategies : A Focus on Consumption & BFSI

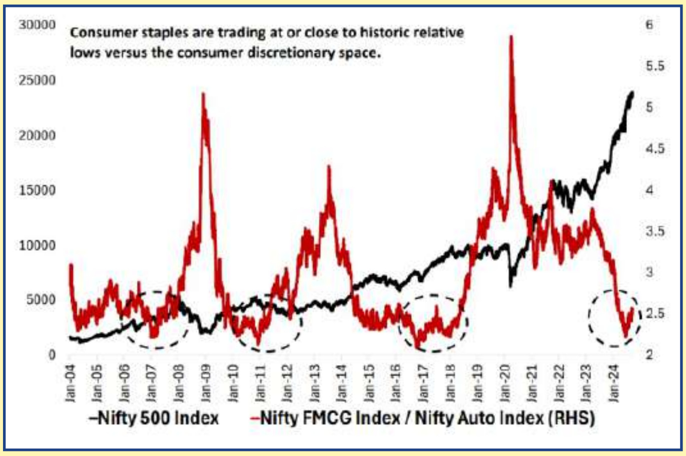
In the current market climate, where equity indices are hitting new highs, it is crucial to approach investments with a discerning eye. Mr. Ghelani suggests focusing on sectors that exhibit relative underperformance but possess solid growth potential. The ***banking, financial services, and insurance (BFSI) secto***r, along with ***consumer consumption***, stand out as two themes likely to thrive over the next five years.

He suggests – "In my view, two themes which have a good potential for the next 5 years would be Consumption and BFSI. This view got a boost earlier this year, from the Budget balanced on a pillar of three "Cs" - Consumption and Capex, with Consolidation. This has helped with a base for long term sustainable potential for these two themes, amongst many other areas.

It was famously quoted that the American roads are not good because America is rich, but America is rich because American roads are good. As the infra capex spending budgeted for Rs. 11.11 lakh crore is implemented, it will create wider economic growth and job creation which could lead to higher consumption. As we see various long term employment opportunities, young aspiring population will consume more. This will soon move beyond consumer staples to consumer discretionary such as spending for automobile, travel, luxury goods, etc. Connected with that, a robust banking and finance system functions as the heart and lifeblood for economic growth and development, especially for a fast-growing country like India. Finance plays a role and BFSI sector sees business growth when the infra development company needs funding for building new roads, as well as when we take a loan to buy our new car. The sector has been relatively undervalued in the recent past which is expected to see value unlocking with this potential growth."



Source: Ambit Capital Research, DSP. Data as on 09 Sep 2024



Source: Bloomberg, DSP. Data as of Sep 2024

The Importance of Gold and Precious Commodities

In addition to sectoral strategies, Mr. Ghelani underscores the critical role of gold and commodities in portfolio diversification. “Emerging markets, in particular, benefit from including gold as a key asset due to its historical outperformance in times of economic and political instability. Gold prices often rise when currencies weaken, making it an essential hedge against volatility.

While India enjoys a relatively stable currency and strong equity performance, incorporating gold into portfolios can provide both stability and growth potential. Investors can take exposure to precious metals like Gold and Silver through ETFs or their Fund of Funds. Investing through these instruments is convenient and helps in diversification and asset allocation”..

Market Outlook: Caution Amidst Optimism

Looking ahead, Mr. Ghelani adopts a cautious yet optimistic stance on the market's trajectory. “While corporate earnings appear stable, there are signs that some sectors may be trading at high valuations, warranting a more conservative approach. The CoFE framework—

Corporate earnings, Flows, and Event risks—can serve as a valuable tool for assessing market conditions.

Investors should remain vigilant and consider periodic reviews of their portfolios to ensure alignment with their long-term goals. This is particularly important in the context of current market highs, where dynamic asset allocation strategies may be warranted to navigate potential volatility”.

Embracing Passive Funds: A Strategic Move

“Incorporating passive funds into an investment strategy offers numerous advantages, particularly for those looking to simplify their investment approach. As the mutual fund industry expands and the popularity of ETFs and Index Funds continue to rise, these instruments will likely play an increasingly central role in investor portfolios.

The ability to capture market returns with lower costs and reduced complexity makes passive funds an appealing option for both retail and institutional investors.” As Mr. Ghelani notes, this evolution in investment strategy is crucial for enhancing market penetration and fostering financial inclusion.

Conclusion

As we move forward in a complex investment landscape, the importance of diversification, especially through passive instruments like ETFs, cannot be overstated. The insights provided by Mr. Ghelani shed light on the opportunities presented by sectoral strategies, the critical role of gold, and the advantages of passive funds in managing risk. By adopting a thoughtful and well-rounded investment approach, investors can position themselves for long-term success in an ever-changing market environment.

MUHURAT TRADING & INVESTMENT IDEAS

SAMVAT 2080

Performance Status

as on 18th OCT, 2024

S. No.	Samvat 2080 Trading and Investment Idea Nov-23	Recommend Price Date 6th Nov 2023 (INR)	Peak rate Post Recommendatio (INR)	Price as on 18th Oct, 2024	Return as on 18th Oct, 2024	Peak Gain
1	HDFC BANK	1498	1794	1682	12%	20%
2	L&T	2933	3920	3578	22%	34%
3	TATAMOTORS	653	1179	910	39%	81%
4	INDIGO	2500	5035	4663	87%	101%
5	TATA POWER	247	495	454	84%	100%
6	ABFRL	217	364	334	54%	68%
7	CROMPTON GREAVES	285	484	409	44%	70%
8	USHA MARTIN	295	451	429	45%	53%
9	DODLA DAIRY	690	1346	1293	87%	95%
10	ASHOKA BUILDCON	135	285	247	83%	111%
11	LG BAL BROS	1078	1575	1307	21%	46%
12	IMAGICAA	47	103	80	70%	119%

AVG RETURNS	54%	75%
NIFTY RETURNS	28%	36%

MUHURAT TRADING & INVESTMENT IDEAS

SAMVAT 2081

State Bank of India
Cmp ₹ : 812
Market CAP ₹ Cr : 7,24,500

ITC Ltd
Cmp ₹ : 481
Market CAP ₹ Cr : 6,01,178

Larsen & Toubro Ltd
Cmp ₹ : 3571
Market CAP ₹ Cr : 4,91,018

Hindalco Industries Ltd
Cmp ₹ : 737
Market CAP ₹ Cr : 1,65,575

Tata Power Company Ltd
Cmp ₹ : 453
Market CAP ₹ Cr : 1,44,749

Godrej Consumer Products Ltd
Cmp ₹ : 1344
Market CAP ₹ Cr : 1,37,527

Suzlon Energy Ltd
Cmp ₹ : 73
Market CAP ₹ Cr : 98,992

JSW Infrastructure Ltd
Cmp ₹ : 320
Market CAP ₹ Cr : 67,295

Steel Authority of India Ltd
Cmp ₹ : 127
Market CAP ₹ Cr : 52,623

One 97 Communications Ltd
Cmp ₹ : 699
Market CAP ₹ Cr : 44,530

Ola Electric Mobility Ltd
Cmp ₹ : 87
Market CAP ₹ Cr : 38,211

Prices are as on 18th October 2024

MUHURAT TRADING & INVESTMENT IDEAS

SAMVAT 2081

Company	Cmp ₹	Market CAP ₹ Cr
L G Balakrishnan & Bros Ltd	1304	4,159
Imagicaaworld Entertainment Ltd	80	4,342
Morepen Laboratories Ltd	86	4,685
SpiceJet Ltd	60	7741
TVS Supply Chain Solutions Ltd	187	8,252
Sunteck Realty Ltd	588	8,612
Lemon Tree Hotels Ltd	123	9,749
Usha Martin Ltd	421	12827
Granules India Ltd	595	14,425
Piramal Enterprises Ltd	1048	23,628

Prices are as on 18th October 2024

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30 SAAL BEMISAAL

MUHURAT TRADING AND INVESTMENT IDEA

STATE BANK OF INDIA

Industry	Public Sector Bank
CMP	₹ 812
Recommendation	Accumulate

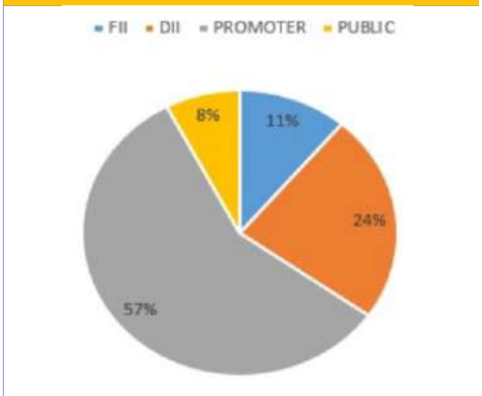
KEY DATA

BSE Code	500112
NSE Code	SBIN
52 Week High (₹)	912.1
52 Week Low (₹)	543.15
Market Cap (₹ Cr)	7,24,500
Face Value	1

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	High
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	9.71
EPS	75.2
ROE	17.30%
ROCE	6.16%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

State Bank of India (SBI), the largest and oldest bank in India, has over 200 years of history and an asset base of ₹61.41 lakh crore as of March 31, 2024. It holds the largest market share in advances and deposits, making it a key player in the Indian banking sector. Classified as a Domestic Systemically Important Bank (D-SIB), SBI must maintain an additional 0.60% CET I capital. The Government of India holds a 56.92% stake in the bank. With 22,542 branches, 63,580 ATMs, and 241 international offices across 29 countries, SBI serves customers globally. Headquartered in Mumbai, it offers services like retail banking, investment banking, asset management, and insurance.

INVESTMENT RATIONALE

- **Extensive Domestic and International Network:** SBI's vast network, with over 22,500 branches across India and 241 overseas offices in 29 countries, gives it a unique advantage in both deposit mobilization and loan distribution. This extensive presence allows the bank to penetrate deeper into rural and urban areas, catering to a diverse customer base. Moreover, its robust CASA (Current Account Savings Account) ratio, comprising over 40% of total deposits, ensures access to low-cost funds. Lower funding costs improve margins and profitability, positioning SBI well to compete in both retail and corporate lending markets. Additionally, the bank's international presence helps capture remittance flows and cross-border trade financing opportunities.
- **Improving Asset Quality:** SBI has made significant strides in enhancing asset quality through effective recovery efforts and disciplined underwriting practices. As of June 30, 2024, the bank's Gross Non-Performing Assets (NPA) ratio declined to 2.21%, while the Net NPA fell to 0.57%. This improvement signals strong recovery efforts, enhanced loan monitoring, and targeted provisioning policies. The reduction in bad loans minimizes the risk of future write-offs and credit losses, directly contributing to profitability and building investor confidence. The bank's improved asset quality also indicates greater resilience, supporting sustained lending growth.
- **Capital Adequacy and Liquidity:** SBI's Capital Adequacy Ratio (CAR) stands at 14.28%, comfortably above regulatory requirements, providing a solid capital cushion to absorb potential losses and support future growth. The bank's strong liquidity coverage ensures it can meet short-term obligations without stress, even during adverse market conditions. This healthy capital position enables SBI to maintain robust credit growth, fund new ventures, and expand into key sectors, ensuring long-term sustainability. Furthermore, the bank's sound capital structure strengthens its ability to weather economic downturns, instilling confidence among stakeholders and regulators.
- **Technical Outlook:** Major support is at 700, with an accumulation zone between 780 and 800. Resistance around 912 may lead to some consolidation, but targets of 1000 and beyond remain within reach. The MACD and RSI on the daily time frame indicate strong bullish momentum, supporting a positive outlook.

RISK

- Pressure on Margins
- Macroeconomic Factors

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Interest Earned	289973	350845	439189	474324
Interest Expended	156194	189981	259736	274324
Net Interest Income	133778	160864	179452	200000
Operating profit before	83834	93583	106045	125696
PAT	36356	56558	68138	75000
EPS	39.6	62.4	75.2	84.0

Source: Capitaline, Msearch Research.

MUHURAT TRADING AND INVESTMENT IDEA

ITC LTD

Industry	Diversified FMCG
CMP	₹ 481
Recommendation	Accumulate

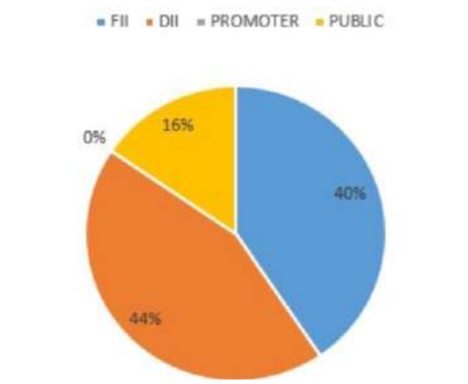
KEY DATA

BSE Code	500875
NSE Code	ITC
52 Week High (₹)	528.55
52 Week Low (₹)	399.30
Market Cap (₹ Cr)	6,01,178
Face Value	1

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	30
EPS	16.4
ROE	28.40%
ROCE	37.50%

PRICE CHART

RESEARCH ANALYST

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

ITC, founded in 1910, is India's largest cigarette manufacturer, holding over 80% market share despite challenges from illicit trade. It operates across five segments: FMCG Cigarettes, FMCG Others, Hotels, Paperboards & Packaging, and Agri Business. Key brands include Aashirvaad, Sunfeast, and Savlon. ITC Hotels, the second-largest hotel chain in India, is planning a demerger with ITC retaining a 40% stake. In FY23, cigarettes contributed 37% of revenue, FMCG 23%, hotels 3%, paperboards and packaging 11%, and agri business 23%. ITC also leads in agri exports and value-added paperboards.

INVESTMENT RATIONALE

- **Positive Future Outlook:** Stable cigarette taxation is expected to drive ITC's volume growth, supported by new premium products and trade promotions. FMCG continues to grow with strong margins, and demand in the paperboard sector is expected to remain high.
- **Financial Performance:** ITC saw stable operating income in FY24 after strong growth in FY23 (17%) and FY22 (23%). Operating margins improved by over 70 basis points, with strong profitability in cigarettes, FMCG, and hotels.
- **Market Leadership:** ITC remains a leader in the cigarette market, with a diversified portfolio across FMCG, hotels, agri, paperboards, and packaging. It has a robust financial profile with an operating margin of 37% in FY24, minimal debt, and a net worth exceeding Rs 71,422 crore.
- **Hotel Business Demerger:** ITC plans to demerge its hotel business, retaining a 40% stake, with the process awaiting NCLT approval. CRISIL highlights ITC's strong business risk profile and consistent profitability.
- **Technical Outlook:** Immediate support is at 475, with major support at 400 and an accumulation zone between 460 and 480. Resistance around 550 could lead to gains towards 650 and above. The stock is showing oversold RSI conditions on the daily time frame, suggesting a potential momentum buildup from lower levels for further upward movement.

RISK

- Cigarette Business Dependence.
- FMCG Competition.
- Environmental Pressures.

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	60081	70245	70315	73831
Total Expenditure	40010	45272	44634	46514
EBITDA	20072	24973	25681	27318
EBITDA Margin%	33%	36%	37%	37%
Profit after tax	15486	19428	20724	22149
PAT Margin%	26%	28%	29%	30%
EPS	12.4	15.4	16.4	17.7

Source: Capitaline, Msearch Research.

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30 SAAL BEMISAAL

MUHURAT TRADING AND INVESTMENT IDEA

LARSEN & TOUBRO LTD

Industry	Civil Construction
CMP	₹ 3571
Recommendation	Accumulate

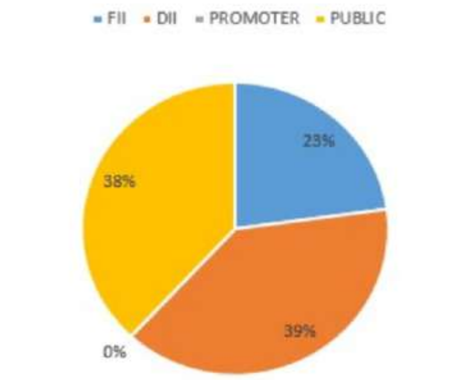
KEY DATA

BSE Code	500510
NSE Code	LT
52 Week High (₹)	3948.60
52 Week Low (₹)	2856.85
Market Cap (₹ Cr)	4,91,018
Face Value	2

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

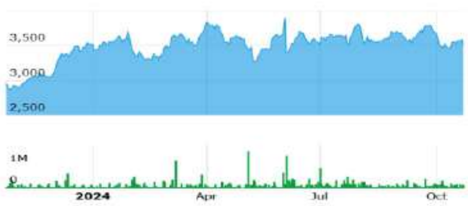
SHAREHOLDING PATTERN



KEY RATIOS

PE	37
EPS	95.0
ROE	14.70%
ROCE	13.40%

PRICE CHART



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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Larsen & Toubro Ltd. (L&T) is one of India's largest conglomerates, with a diversified portfolio spanning engineering, construction, IT services, financial services, and defence manufacturing. It is a leader in infrastructure projects, EPC services, and technology-driven solutions, operating globally in over 30 countries. L&T's key subsidiaries include L&T Technology Services, L&T Infotech, and L&T Financial Services. The company is heavily involved in India's infrastructure development and the government's "Make in India" defence initiatives. With strong global expansion and a focus on sustainability and digital transformation, L&T is well-positioned for long-term growth across multiple sectors.

INVESTMENT RATIONALE

- **Market Leadership and Diversified Business Model:** L&T holds a dominant position in India's engineering, procurement, and construction (EPC) sector, with over seven decades of experience. The company benefits from a diversified revenue profile across infrastructure, energy, manufacturing, and IT services. This diversification helps mitigate risks associated with fluctuations in any single sector. It has in-house design, engineering, and fabrication capabilities, which provide a strong competitive advantage. Diversification can also lead to synergies between different business units, enabling cross-selling and cost-saving measures.
- **Robust Financial Health:** L&T maintains a strong financial profile with a net debt to EBITDA ratio of 0.5x as of March 2024, despite conducting a ₹10,000 crore share buyback. It holds over ₹33,200 crore in cash and equivalents and has substantial financial flexibility. Credit ratings of 'AAA/Stable' by CRISIL and 'BBB+' by S&P reflect its financial strength. The ratings continue to reflect the dominant position of the L&T group in the engineering, procurement and construction (EPC) market in India, its diversified presence, strong financial risk profile and robust financial flexibility. These strengths are partially offset by large working capital requirement in the EPC segment.
- **Strong Order Book and Future Growth Visibility:** The company reported an order book of ₹4.8 lakh crore as of March 2024, with 38% of orders from international markets, particularly the Middle East. The current order pipeline is ₹9.1 trillion. This provides solid visibility for future revenues, with execution expected across infrastructure, energy, defense, and water treatment sectors. The group enjoys healthy diversity, supported by increasing revenue contribution of the service-oriented businesses — IT&TS and financial services, which accounted for around 28% of consolidated revenue in the first nine months of fiscal 2024.
- **Technical Outlook:** Immediate support lies at 3000, with an accumulation zone between 3400 and 3500. Resistance at 4000 may limit short-term gains, but the stock has potential targets of 5000 and above. The MACD and Stochastics on the daily time frame are showing strong signals for a continued bullish rally.

RISK

- High Working Capital Requirement
- Capital Allocation to Low-Return Developmental Projects

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	156521	183341	221113	254280
Total Expenditure	132364	157101	191925	217409
EBITDA	24157	26239	29188	36871
EBITDA Margin%	15.43%	14.31%	13.20%	14.50%
Profit after tax	10291	12625	15570	17127
PAT Margin%	6.57%	6.89%	7.04%	6.74%
EPS	61.7	74.5	95.0	124.6

Source: Capitaline, Msearch Research.

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MEHTA

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MUHURAT TRADING AND INVESTMENT IDEA

HINDALCO INDUSTRIES LTD

Industry	Aluminium
CMP	₹ 737
Recommendation	Accumulate

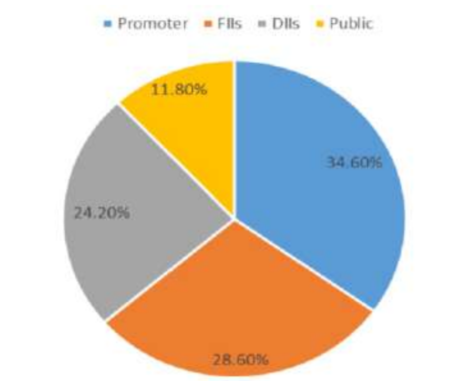
KEY DATA

BSE Code	500440
NSE Code	HINDALCO
52 Week High (₹)	772.00
52 Week Low (₹)	448.65
Market Cap (₹ Cr)	1,65,575
Face Value	1

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

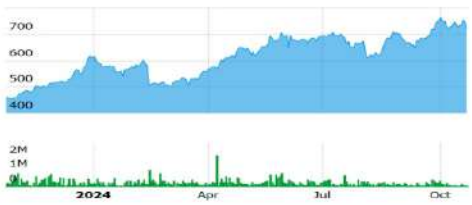
SHAREHOLDING PATTERN



KEY RATIOS

PE	15
EPS	45.7
ROE	10.20%
ROCE	11.30%

PRICE CHART



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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Hindalco Industries Ltd., a flagship company of the Aditya Birla Group established in 1958, is a global leader in aluminium and copper production. Ranking among the top five aluminium producers worldwide, Hindalco operates a fully integrated value chain, from bauxite mining to aluminium manufacturing, and is recognized for its cost-effective operations. Its copper division includes one of the largest single-location smelters, producing high-quality cathodes and rods. With Novelis as its key subsidiary, Hindalco is the world's largest aluminium rolling and recycling company, operating a network of advanced facilities across North and South America, Europe, and Asia. The company also engages in specialty chemicals manufacturing, reinforcing its diverse portfolio in the metals industry.

INVESTMENT RATIONALE

- **Captive Raw Material Availability:** Hindalco secures 100% of its bauxite and alumina requirements through captive mines, ensuring uninterrupted access to key raw materials. This integrated approach significantly lowers production costs and protects the company from price volatility in external markets. By controlling the supply chain, Hindalco achieves operational efficiency and maintains its position as one of the world's lowest-cost producers of aluminium.
- **Strategic Acquisitions:** The acquisitions of the Meenakshi and Chakla coal mines are pivotal for reducing dependence on external energy sources. Once operational, these mines will provide stable and cost-efficient thermal coal, insulating Hindalco from fluctuating energy prices. This strategic move enhances long-term resilience, supports profitability, and strengthens the company's competitive edge in the aluminium market.
- **Growth in Novelis:** Novelis, Hindalco's key subsidiary, is the largest aluminium can recycler globally and a major supplier to the automotive and aerospace industries. Ongoing investments, including a $2.1 billion rolling mill in Alabama, will enhance production capacity and meet growing demand for sustainable packaging and electric vehicles. This expansion strengthens Novelis's contribution to Hindalco's growth and profitability, positioning it well for future market opportunities.
- **Technical Outlook:** With major support at 600 and accumulation favored between 650 and 700, the stock faces resistance near 800. If surpassed, Hindalco could target 1100 and above. The MACD on the daily time frame shows increasing momentum, with the RSI trending upwards, confirming a bullish trend.

RISK

- Volatility in Metal Prices
- Currency Exchange Rate Fluctuations

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	195059	223202	215962	241877
Total Expenditure	167183	200536	192090	212852
EBITDA	27876	22666	23872	29025
EBITDA Margin%	14.3%	10.2%	11.1%	12%
Profit after tax	13730	10097	10155	12000
PAT Margin%	7.0%	4.5%	4.7%	5.0%
EPS	61.9	45.5	45.7	54.1

Source: Capitaline, Msearch Research.

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MUHURAT TRADING AND INVESTMENT IDEA

TATA POWER COMPANY LTD

Industry	Integrated Power Utilities
CMP	₹ 453
Recommendation	Accumulate

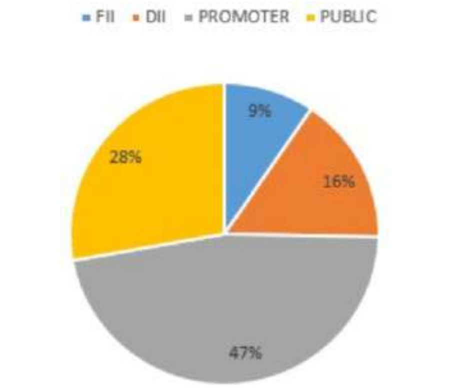
KEY DATA

BSE Code	500400
NSE Code	TATAPOWER
52 Week High (₹)	494.85
52 Week Low (₹)	230.75
Market Cap (₹ Cr)	1,44,749
Face Value	1

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

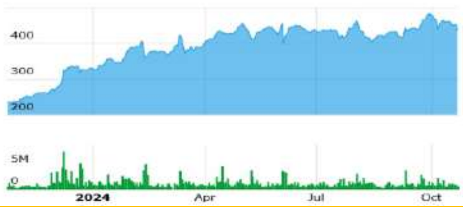
SHAREHOLDING PATTERN



KEY RATIOS

PE	39.7
EPS	11.6
ROE	11.30%
ROCE	11.10%

PRICE CHART



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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Tata Power, India's largest vertically-integrated power company, operates with a total energy capacity of 14,381 MW, primarily from thermal (62%) and renewable sources (29%). It is expanding its renewable energy portfolio with 3,760 MW under construction and leads the EV charging market with 4,900 points across 442 cities, aiming for 1 lakh stations by 2025. Its solar EPC order book exceeds ₹18,700 crores, with over 11.5 GW of projects executed. Internationally, Tata Power has hydro projects in Georgia, Zambia, and Bhutan, alongside a 76 MTPA coal mining capacity in Indonesia. Domestically, the acquisition of Odisha's distribution business expanded its customer base to 12 million.

INVESTMENT RATIONALE

- **Operational and Financial Growth Across Power Segments:** Tata Power has exhibited solid growth in both its power generation and distribution businesses, driven by increased demand for electricity and improved operational efficiencies, particularly within the Odisha distribution segment. This growth is complemented by the Maithon Power project's stable long-term PPAs, ensuring predictable revenue streams and financial resilience through reduced net debt and better interest coverage ratios.
- **Renewable Energy Leadership and Solar EPC Success:** The company's renewable energy portfolio, supported by capacity expansions and strong performance in solar EPC projects, underlines its leadership in the clean energy space. Tata Power's renewable business growth is a result of capacity additions and a well-executed solar EPC order book, boosting its market position in sustainable energy.
- **Extensive Long-term PPAs and Diversified Operations:** Tata Power's diversified presence across the energy value chain—including generation, transmission, distribution, and EPC services—enhances its operational stability. Its 14.7 GW of long-term power purchase agreements across thermal, hydro, and renewable assets offer a stable revenue base, further strengthened by strategic investments from Blackrock and Mubadala in its renewable subsidiary, TPREL.
- **Technical Outlook:** Major support is at 350, with accumulation opportunities between 400 and 420. Resistance near 500 could cap short-term gains, but targets of 600 and beyond are achievable. The RSI and MACD on the daily time frame are showing bullish signals, with increasing volume confirming the trend.

RISK

- Leverage and Capex Risk
- Mundra Plant Tariff Issue

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	42816	55109	61449	64521
Total Expenditure	36303	47403	50665	52908
EBITDA	6513	7706	10784	11614
EBITDA Margin%	15.2%	14.0%	17.5%	18.0%
Profit after tax	2156	3810	4280	4800
PAT Margin%	5.0%	6.9%	7.0%	7.44%
EPS	5.5	10.4	11.6	15.0

Source: Capitaline, Msearch Research.

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MUHURAT TRADING AND INVESTMENT IDEA

GODREJ CONSUMER PRODUCTS LTD

Industry	Personal Care
CMP	₹ 1344
Recommendation	Accumulate

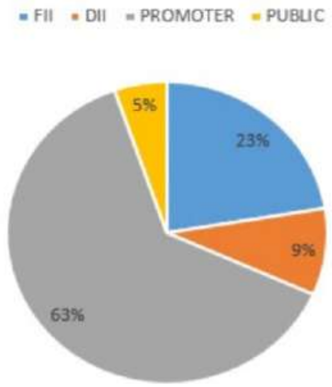
KEY DATA

BSE Code	532424
NSE Code	GODREJCP
52 Week High (₹)	1541.30
52 Week Low (₹)	959.55
Market Cap (₹ Cr)	1,37,527
Face Value	1

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	76.5
EPS	-
ROE	-56.00%
ROCE	19.00%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Godrej Consumer Products Ltd. (GCPL) is a leading FMCG company specializing in household and personal care products, with brands like GoodKnight, Cinthol, and HIT contributing to 70% of its revenue. Operating across multiple global regions, GCPL focuses on high-margin markets like India and Indonesia while optimizing its business in East Africa. Backed by strong R&D, the company aims to expand into emerging markets, targeting 80,000 villages and 2 billion customers by FY27/28, while recent divestments and channel expansions reflect its evolving strategy.

INVESTMENT RATIONALE

- **Growth Strategies (Fy24):** GCPL expanded its product range, streamlined operations, and focused on sustainability. For FY25, it plans to drive premiumization, enhance manufacturing efficiency, and target rural affordability.
- **Innovation:** New products like Goodknight Agarbatti and Godrej Fab Liquid Detergent are expected to contribute significantly to FY25 revenue, with a projected 4% volume growth from innovations.
- **Volume Growth:** Domestic revenue grew by 10% in FY24, driven by innovations in household insecticides and personal care, achieving a 10% revenue CAGR from FY21 to Fy24.
- **RCCL Business:** Despite a 25% revenue drop in FY24, GCPL targets INR 6-6.5 billion in FY25 revenue, focusing on growth in modern trade, e-commerce, and rural areas.
- **International Operations:** GCPL is optimizing its presence in emerging markets like Indonesia and Africa, aiming for 14-15% operating margins over the next two years.
- **Medium-Term Aspirations:** The company targets high single-digit volume growth, mid-teen EBITDA margins for FY25, and profitability improvements in international markets.
- **Technical Outlook:** Immediate support at 1100, with accumulation advised between 1250 and 1300. Resistance around 1600 could act as a barrier, but the stock has the potential to reach 2000 and beyond. A bullish MACD crossover on the daily time frame supports the possibility of further upside.

RISK

- Currency Fluctuations and Foreign Exchange Risks.
- Competition and Market Share.

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	12174	13199	13974	15372
Total Expenditure	9890	10940	13630	11990
EBITDA	2284	2259	345	3382
EBITDA Margin%	18.8%	17.1%	2.5%	22%
Profit after tax	1783	1702	-561	1845
PAT Margin%	14.65%	12.90%	-4.01%	12%
EPS	17.4	16.6	-5.5	18.0

Source: Capitaline, Msearch Research.

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MUHURAT TRADING AND INVESTMENT IDEA

SUZLON

SUZLON ENERGY LTD

Industry	Heavy Electrical Equipment
CMP	₹ 73
Recommendation	Accumulate

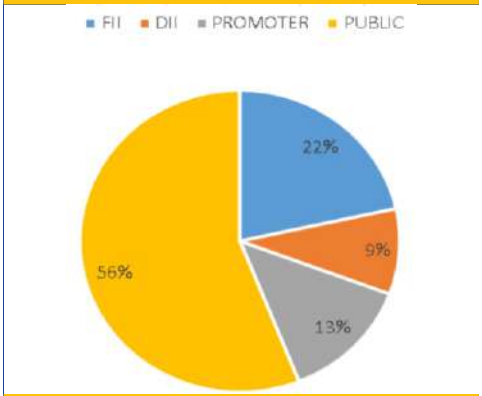
KEY DATA

BSE Code	532667
NSE Code	SUZLON
52 Week High (₹)	86.04
52 Week Low (₹)	26.2
Market Cap (₹ Cr)	98,992
Face Value	2

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Global
Govt Regulations	High
Msearch View	Positive

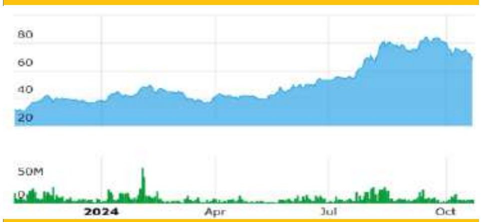
SHAREHOLDING PATTERN



KEY RATIOS

PE	108
EPS	0.5
ROE	28.80%
ROCE	24.90%

PRICE CHART



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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Established in 1995, Suzlon Energy Ltd is one of the leading global renewable energy solutions providers. Over the past 29 years, the group has installed over 20 GW of wind energy in 17 countries across six continents. Its manufacturing footprint is spread across India. It is a vertically integrated WTG manufacturer. It also undertakes installation and O&M of all WTG sales. Operations include design development and manufacturing of all major components, including rotor blades, tubular towers, generators, control equipment, gears and nacelles. Apart from manufacturing, it offers a full gamut of wind project planning and execution services, including wind resource assessment, infrastructure and power evacuation, technical planning and execution of wind power projects. It also offers O&M services in India and overseas.

INVESTMENT RATIONALE

- **Leading market position in the wind turbine segment and healthy order book:** Suzlon has a successful track record of project execution with technical expertise, evident from the healthy market share of 30-35% in the WTG business in India over the past many years and also in cumulative installed capacity. The company's healthy market position should help to obtain orders in the long run the current order has increased Suzlon's cumulative order book to nearly 5 GW as of September 2024. The company has been able to overcome the dependence on customer-backed financing to execute orders, which had constrained growth in the last fiscal.
- **Vertical integration:** Suzlon energy is a vertically integrated wind turbine manufacturer and O&M service provider with over 20.7GW of installed capacity across the globe. Additionally, it also provides turn-key solutions and services like wind resource mapping, finding suitable sites , technical planning of sites , land acquisition and site development services for domestic customers. Suzlon enjoys a 32% cumulative market share in India. Suzlon has its own WTG technology and in-house R&D capability with a well-established product portfolio
- **Upcycle for wind OEMs:** As per the Global Wind Energy Council (GWEC) expects India to reach 122GW of installed wind capacity by FY32E. Moreover, the government plans to conduct 10GW of exclusive wind tenders per annum until 2027. This signals an upcycle for wind OEMs and brings huge benefits to Suzlon Energy. With over 24GW currently under construction, this leave us with an opportunity size of ~52GW. We believe that the policymakers target of auctioning 10GW of wind projects per annum might face headwinds due to land acquisition issues & inadequate transmission infrastructure.
- **Technical Outlook:** Support lies at 66, with accumulation opportunities between 70 and 75. Resistance around 86 could be tested soon, with potential targets of 133 and above. The MACD on the daily time frame indicates positive momentum, and with an oversold RSI, the stock looks primed for a breakout.

RISK

- High Competitive intensity in wind industry.
- Exposure to interest rate and foreign currency risks.

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	6520	5947	6497	7796
Total Expenditure	5692	5139	5554	6393
EBITDA	828	808	943	1403
EBITDA Margin%	12.69%	13.59%	14.51%	18.00%
Profit after tax	-166	2887	660	936
PAT Margin%	-2.55%	48.55%	10.16%	12.01%
EPS	0	2.3	0.5	0.7

Source: Capitaline, Msearch Research.

MUHURAT TRADING AND INVESTMENT IDEA

JSW INFRASTRUCTURE LTD

Industry	Port & Port services
CMP	₹ 320
Recommendation	Accumulate

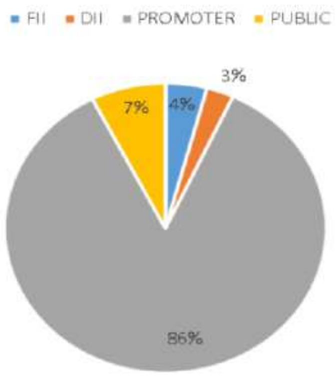
KEY DATA

BSE Code	543994
NSE Code	JSWINFRA
52 Week High (₹)	361.00
52 Week Low (₹)	160.50
Market Cap (₹ Cr)	67,295
Face Value	2

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	60
EPS	5.6
ROE	19.00%
ROCE	16.40%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Incorporated in 2006, JSW Infrastructure Limited is India's second-largest commercial port operator, managing nine ports and terminals in the UAE, with a cargo handling capacity of 158.43 MTPA as of June 2023. The company deals with various cargo types, including coal, iron ore, and containers, offering services such as cargo handling and storage. In FY24, JSW Infrastructure reported ₹4,032 crore in revenue (up 20% YoY), ₹2,234 crore in EBITDA, and ₹1,161 crore in net profit. The October 2023 IPO raised ₹2,800 crore for debt repayment and capital expenditure, with key projects including expansions

INVESTMENT RATIONALE

- **Geographically Diversified Port Locations:** JSW Infrastructure Limited (JSWIL) operates two minor ports (Jaigarh and Dharamtar) and seven major terminals (four on the eastern coast and three on the western coast) as of June 2024. The company has expanded by acquiring an oil terminal business at the Port of Fujairah, UAE, and a riverine port near Dharamtar.
- **Strategic Importance:** Key ports like Jaigarh and Paradip are strategically located near JSW Group's plants, serving the cargo needs of JSW Steel and JSW Energy through third-party agreements for cargo handling.
- **Improvement in Financial Flexibility:** Following the October 2023 IPO, JSWIL's capital structure improved, with gearing reducing to 0.58x in FY24 from 1.12x in FY23 and a net debt/PBILDT ratio of 0.29x.
- **Recent Acquisitions:** JSWIL acquired Navakar Corporation Limited for ₹1,644 crore and a slurry pipeline project from JSW Utkal Limited for ~₹1,700 crore, funded through a mix of debt and equity.
- **Favorable Industry Outlook:** Indian ports reported a record cargo throughput of 1,539 MMT in FY24, a 7% increase from FY23, with continued growth in coastal cargo expected to benefit JSWIL.
- **Technical Outlook:** The stock has major support at 235, with an immediate support zone between 260 and 270. Good accumulation can be done in the 250-275 range. Resistance around 360 may present some challenges, but the stock is still targeting 500 and above. A bullish crossover in the MACD on the daily time frame, along with a rising RSI, indicates potential for further upward movement.

RISK

- Significant debt-funded capital expenditures or acquisitions.
- Substantial reductions in cargo handling rates, negatively affecting profitability.

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	2273	3195	3763	4139
Total Expenditure	1164	1575	1798	1945
EBITDA	1109	1620	1965	2194
EBITDA Margin%	48.8%	50.7%	52.2%	53%
Profit after tax	321	750	1161	1200
PAT Margin%	14.12%	23.46%	30.85%	29%
EPS	53.1	4.1	5.6	5.8

Source: Capitaline, Msearch Research.

STEEL AUTHORITY OF INDIA LTD

Industry	Iron & Steel
CMP	₹ 137
Recommendation	Accumulate

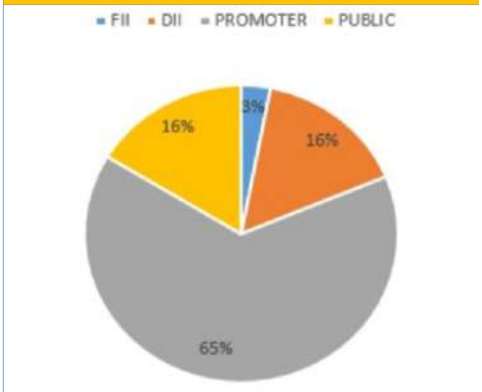
KEY DATA

BSE Code	500113
NSE Code	SAIL
52 Week High (₹)	175.65
52 Week Low (₹)	81.85
Market Cap (₹ Cr)	52,623
Face Value	10

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

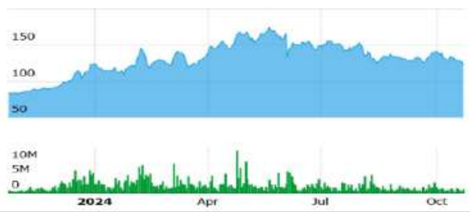
SHAREHOLDING PATTERN



KEY RATIOS

PE	14
EPS	7.4
ROE	6.44%
ROCE	8.10%

PRICE CHART



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TECHNICAL ANALYST

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Steel Authority of India Limited (SAIL) is one of India's largest steel producers and a Maharatna Public Sector Enterprise, which signifies its operational and financial autonomy. With a production capacity of over 21 million tonnes per annum, SAIL operates five integrated steel plants and three special steel plants strategically located near raw material hubs in the eastern and central parts of India. SAIL produces a diverse range of steel products, including flat and long products, alloy steels, and value-added products, catering to sectors such as infrastructure, construction, railways, defense, and power. The company also exports its products globally and plays a vital role in supporting India's economic development and industrialization efforts. As part of its commitment to sustainability, SAIL invests in modernizing its facilities to reduce emissions and enhance energy efficiency, contributing to the global push for greener steel production.

INVESTMENT RATIONALE

- **Maharatna Status & Government Ownership:** SAIL's has a 65% government stake. Government shares often represent ownership in well-established, stable entities backed by the Indian government. Due to their strategic importance and government backing, these companies are less susceptible to market volatility compared to their private counterparts. Government-owned companies in India benefit from strong policy support and governance frameworks established by the government. As part of their mandate, these companies are often subject to rigorous regulatory oversight and accountability measures, which can instil confidence among investors.
- **Large Integrated Steel Producer:** With a production capacity of 17 million tonnes per annum (MTPA), SAIL is one of the largest integrated steel producers in India, supported by captive iron ore mines that ensure raw material security and cost efficiency by controlling the supply of iron ore. The company can potentially negotiate better terms or reduce costs compared to purchasing from external suppliers. Having a captive iron ore supply ensures a consistent and reliable source of raw material, reducing the risk of disruptions due to supply chain issues or geopolitical events.
- **Positive Steel Industry Outlook:** Global steel demand is expected to recover, with WSA forecasting 1.7% and 1.2% growth in 2024 and 2025, respectively. India will be a key driver of this demand, ensuring continued strength for SAIL's business. According to the EY-CII report titled 'Steering India into a US$5 trillion economy with Steel', the steel industry can be crucial in driving India towards a $5 trillion economy by 2025. This growth is likely to be driven by increasing urbanization, rising disposable incomes, and infrastructure development. As a result, investing in metal stocks such as SAIL can provide investors with long-term growth and profitability opportunities.
- **Technical Outlook:** Steel Authority of India Limited has major support at 90, with an accumulation zone between 95 and 105. Resistance near 140 may offer short-term challenges, but the stock is targeting 160 and beyond. The RSI on the daily time frame shows bullish strength, and rising volumes indicate growing interest, suggesting upward momentum.

RISK

- Coking Coal Dependence
- Cyclical Nature of the Steel Industry

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	103477	104448	105378	115916
Total Expenditure	82489	96408	95070	103330
EBITDA	20988	8039	10308	12587
EBITDA Margin%	20.28%	7.70%	9.78%	10.86%
Profit after tax	12243	2288	3841	4225
PAT Margin%	11.83%	2.19%	3.65%	3.65%
EPS	29.6	5.3	7.4	10.2

Source: Capitaline, Msearch Research.

Disclaimer: Investments & Trading are subject to market risks. Please refer to the last page of the report for detailed disclaimer.

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MUHURAT TRADING AND INVESTMENT IDEA

ONE 97 COMMUNICATIONS LTD

Industry	Financial Technology
CMP	₹ 699
Recommendation	Accumulate

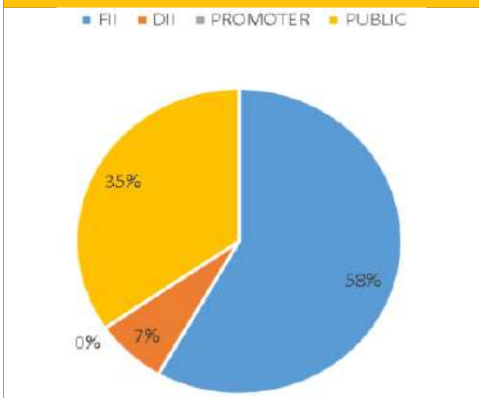
KEY DATA

BSE Code	543396
NSE Code	PAYTM
52 Week High (₹)	998.3
52 Week Low (₹)	310
Market Cap (₹ Cr)	44,530
Face Value	1

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	High
Msearch View	Positive

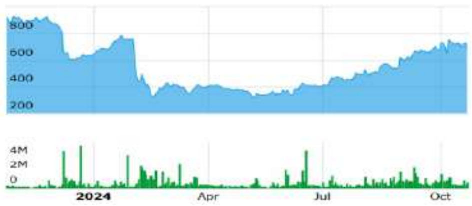
SHAREHOLDING PATTERN



KEY RATIOS

PE	-
EPS	-
ROE	-9.07%
ROCE	-8.50%

PRICE CHART



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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Incorporated in 2000, One 97 Communications Ltd well known as PayTM is India's Leading & largest Digital Ecosystem Platform for consumers as well as for merchants. The Company is engaged in the business of providing a) payment and financial services which mainly include payment facilitator services, facilitation of consumer and merchant loan distribution to consumers and merchants, wealth management, etc. b) marketing services which consist of aggregator for digital products, ticketing business, providing voice and messaging platforms to the telecom operators and enterprise customers and other businesses, The group generates the majority of its revenue from customers domiciled in India.

INVESTMENT RATIONALE

- **Digital ecosystem allows to address large market opportunities:** India's fintech sector has witnessed explosive growth, with digital payments becoming an integral part of daily life. Paytm, a leading digital payments platform, has been at the forefront of this revolution. However, the company's journey has not been without its challenges. Paytm has a wide addressable market in India across payment services, commerce and cloud services and financial services. The market segments that they serve have a massive scale and growth, are significantly underpenetrated, and have potential of technology to grow the industry. Their ecosystem allows them to address these multiple large market opportunities at scale and gives them multiple growth vectors.
- **Easing of Regulatory Pressures:** The turnaround in business is visible in the price action in last 3-4 months signalling renewed investor confidence with recent developments like in August 2024, Paytm received approval from the Ministry of Finance to invest in its payment services business. This approval allows Paytm to resubmit its application for a payment aggregator license. PayTM has recovered from many challenging in the first half of the current year characterised mostly by regulatory concerns. In the recent 2-4 months several key developments have emerged indicating lower pain points of risks and moving towards growth prospects across all business segments in which PayTM is operating, including the clearance of regulatory concerning for the Payment Aggregator (PA) license, Approvals from NPCI and RBI, enabling PayTM to on board new users and merchants, which would drive business recovery.
- **Expand into international markets:** There is a large opportunity for Paytm to leverage their technology infrastructure and expand to international markets. Earlier, Paytm has used Canada as a testing ground for its international growth strategy and later in Japan. Recently last year Paytm invested ₹100 crore in Gujarat International Finance Tec-City (GIFT City) in January 2023 to build a global financial ecosystem. Paytm plans to use GIFT City's infrastructure to develop faster and cheaper cross-border remittance solutions. In 2024, Paytm expanded into international markets by partnering with global travel aggregators and airlines to increase its travel business and market share.
- **Technical Outlook:** PAYTM finds strong support at 550, with accumulation favored between 650 and 700. Resistance at 800 may slow progress, but the stock is well-positioned to reach 1000 and beyond. The RSI on the daily time frame is moving higher, indicating increased bullish sentiment, while the MACD confirms a positive momentum shift.

RISK

- High Regulatory interference and policy changes.
- High competitive business environment

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	4974	7990	9978	10477
Total Expenditure	7363	9634	11155	11377
EBITDA	-2389	-1644	-1177	-900
EBITDA Margin%	-48.0%	-20.6%	-11.8%	-8.6%
Profit after tax	-2396	-1777	-1422	-1200
PAT Margin%	-48.2%	-22.2%	-14.3%	-11.45%
EPS	0	0	0	0

Source: Capitaline, Msearch Research.

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MUHURAT TRADING AND INVESTMENT IDEA

OLA ELECTRIC

OLA ELECTRIC MOBILITY LTD

Industry	2/3 Wheelers
CMP	₹ 87
Recommendation	Accumulate

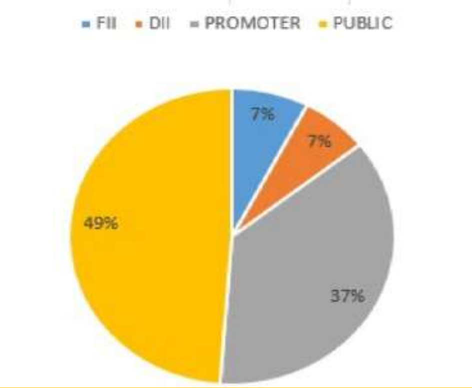
KEY DATA

BSE Code	544225
NSE Code	OLAELEC
52 Week High (₹)	157.53
52 Week Low (₹)	75.99
Market Cap (₹ Cr)	38,211
Face Value	10

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	-
EPS	-
ROE	-
ROCE	-32.10%

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Ola Electric (OLA) is a leading electric vehicle (EV) company in India, specializing in EVs and key components like battery packs, motors, and vehicle frames. The company operates the Ola Futurefactory for manufacturing and focuses on capturing the growing EV market in India, with plans for international exports. They conduct R&D in India, the UK, and the US, and operate India's largest network of company-owned experience centres, with 935 centres and 414 service centres as of March 31, 2024.

INVESTMENT RATIONALE

- **Pure EV player with a leadership position in the fast-growing Indian E2W market:** Ola Electric is solely focused on electric vehicles (Evs), allowing them to capitalize on the growing Indian two-wheeler (2W) market. In Fiscal 2024, they became the largest electric two-wheeler (E2W) seller in India, with around 35% of total E2W registrations. As a dedicated EV company, their R&D, technology, design, and manufacturing are all concentrated on EV products, with no resources allocated to internal combustion engine (ICE) technologies.
- **In-house R&D and technology capabilities:** Ola Electric conducts R&D in India, the UK, and the US, focusing on developing new EV products and core components like battery packs, motors, and vehicle frames. They are also advancing cell and battery technology at their BIC for future cell manufacturing at the Ola Gigafactory. Their R&D centers around five key areas: software, electronics, motor and drivetrain, cells and battery packs, and manufacturing technology.
- **Develop the cell technology and strengthen the in-house manufacturing capabilities:** Cells are a major cost component of EVs, and Ola Electric currently sources them from third-party suppliers. To gain more control over the supply chain and reduce costs, the company plans to integrate backward by manufacturing its own cells. Construction of the Ola Gigafactory for cell production began in June 2023, with plans to use these cells in existing and future EV products.
- **Technical Outlook:** Support lies at 70, with accumulation between 80 and 90. Resistance near 160 may slow progress, but the stock could target 200 and higher. The RSI on the daily time frame shows oversold conditions, while the MACD points to continued strength in a trend reversal from lower levels.

RISK

- Dependency on government incentives.
- Dependency on China for supply of raw materials

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024
Revenue	373	2631	5010
Total Expenditure	1174	3980	6284
EBITDA	-800	-1349	-1274
EBITDA Margin%	-214.3%	-51.3%	-25.4%
Profit after tax	-784	-1472	-1586
PAT Margin%	-209.99%	-55.95%	-31.66%
EPS	-4.0	-7.0	-4.3

Source: Capitaline, Msearch Research.

MUHURAT TRADING AND INVESTMENT IDEA

L G BALAKRISHNAN & BROS LTD

Industry	Auto Components & Equipments
CMP	₹ 1304
Recommendation	Accumulate

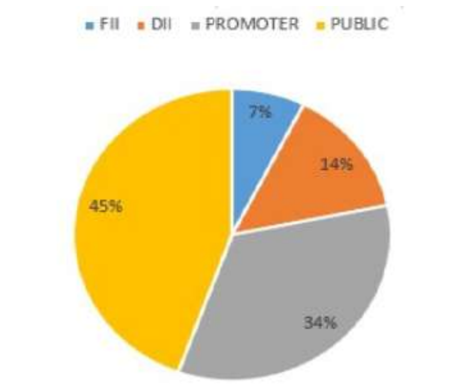
KEY DATA

BSE Code	500250
NSE Code	LGBBROSLTD
52 Week High (₹)	1575
52 Week Low (₹)	964.1
Market Cap (₹ Cr)	4159
Face Value	10

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	15.7
EPS	86.4
ROE	17.80%
ROCE	22.80%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

L.G. Balakrishnan & Bros Ltd (LGB) is a leading automotive component manufacturer, primarily focusing on transmission and metal forming products. With over 85% of its revenue derived from transmission products like chains, sprockets, and belts, LGB is a market leader in India's 2-wheeler supply chain. It holds a 70% market share in the domestic 2-wheeler chain segment and has a growing international presence, contributing 17% to total sales. The company's flagship brand, "Rolon," is well-regarded among OEMs and aftermarket customers for its quality and reliability.

INVESTMENT RATIONALE

- **Strong Market Leadership:** LGB commands over 70% of the domestic 2-wheeler chain segment, making it a trusted supplier to leading Original Equipment Manufacturers (OEMs). This dominance solidifies its market position and provides steady demand from OEMs and the aftermarket.
- **Robust Replacement Segment:** Approximately 35% of LGB's revenue comes from the replacement segment, offering insulation from fluctuations in new 2-wheeler production volumes. This segment provides a steady stream of income, contributing to long-term financial stability.
- **EV Transition Opportunities:** LGB is actively engaging with major electric vehicle (EV) OEMs, capitalizing on the rapid shift to electric two-wheelers. With electric vehicles accounting for 3.7% of total two-wheeler sales in FY23, this offers significant growth potential as the industry continues to evolve.
- **Global Expansion and Manufacturing Scale:** LGB's 27 manufacturing plants, including a facility in the United States, showcase its ability to meet global demand. The establishment of a new plant in Nagpur highlights the company's focus on expanding production capacity to cater to future growth.
- **Technical Outlook:** Immediate support lies at 1100, with an accumulation zone between 1200 and 1250. Resistance at 1700 could limit short-term gains, but targets of 2000 and above remain achievable. Stochastic indicators on the daily time frame are signaling oversold conditions, suggesting a potential for a strong reversal soon.

RISK

- Dependence on Domestic Market
- Cyclicality of the Automotive Sector

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	2102	2203	2346	2500
Total Expenditure	1714	1823	1952	2050
EBITDA	389	380	395	450
EBITDA Margin%	18.5%	17.3%	16.8%	18%
Profit after tax	246	252	272	300
PAT Margin%	11.7%	11.5%	11.6%	12%
EPS	78	80.3	86.4	95.6

Source: Capitaline, Msearch Research.

Imagicaa

IMAGICAAWORLD ENTERTAINMENT LTD

Industry	Amusement Parks/ Other recreation
CMP	₹ 80
Recommendation	Accumulate

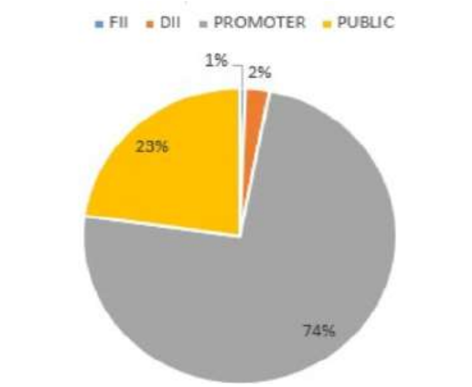
KEY DATA

BSE Code	539056
NSE Code	IMAGICAA
52 Week High (₹)	103.24
52 Week Low (₹)	42.95
Market Cap (₹ Cr)	4,342
Face Value	10

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	59.4
EPS	11.2
ROE	7.61%
ROCE	3.04%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Imagica World Entertainment Ltd is a premier themed entertainment destination near Mumbai and Pune, India. It comprises Imagica Theme Park, a thrilling experience with diverse rides and attractions, Imagicaa Water Park inspired by Greek Mykonos, and India's largest Snow Park. Novotel Imagicaa, a 287-room hotel, offers attractive stay packages with amenities like a pool, Wi-Fi, themed restaurants, and event spaces. Additionally, Aquamagica Park in Surat features 16 international-themed slides for exhilarating fun. Ideal for all ages and interests, Imagica offers a blend of rides, entertainment, dining, and adventure for an unforgettable experience.

INVESTMENT RATIONALE

- **Strategically located in an attractive area:** Imagica is located in khopoli, Maharashtra on Mumbai-Pune expressway and Aquamagicaa in Surat, Gujarat which makes them a prime placement as it attracts guests from Mumbai, Pune and the rest of Maharashtra and Gujarat, which are some of the more economically developed areas in India. Imagicaa is located in the Sahyadri mountain range providing a scenic backdrop and a serene environment for visitors, the region also experiences suitable weather throughout the year for spending a day outdoors.
- **High Entry Barriers:** The business of theme and water parks is difficult to replicate as such business require large infrastructure. For a new player to identify and purchase large and suitable parcels of land on commercially viable terms and the long lead-time from the conceptualization to the launch of rides and attractions. Company believes. location off the Mumbai - Pune Expressway, the large parcel of land owned by the Company, the rides and attractions of international quality and standards and the qualified management and operations team provide the Company with a significant competitive advantage over any new entrants.
- **Expand in newer geographies:** The company aims to expand its presence and leverage its brand in new geographies. In line with this strategy, it has recently entered Gujarat, a promising market for water and amusement parks. Coming few years' company have chalked out future plans and enter into other states like Chandigarh, Delhi/NCR, Goa, Jaipur, Bengaluru and Coimbatore, making this a strategic move to tap into the region's growing demand for leisure and entertainment experiences.
- **Technical Outlook:** The stock finds immediate support at 66.50, while accumulation is ideal between 70 and 75. Resistance around 105 could act as a cap in the short term, but if broken, Imagicaaworld has the potential to move towards 150 and above. A MACD crossover on the daily time frame indicates a bullish setup with increasing momentum.

RISK

- Business is seasonal in nature and weather dependency.
- High capital-intensive business.

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	72	251	260	340
Total Expenditure	40	171	164	187
EBITDA	32	80	96	153
EBITDA Margin%	44.9%	31.8%	37.1%	45%
Profit after tax	-244	357	541	181
PAT Margin%	-338.8%	142.5%	208.0%	53.2%
EPS	0	8.7	11.2	3.8

Source: Capitaline, Msearch Research.

MEHTA
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MUHURAT TRADING AND INVESTMENT IDEA

MOREPEN LABORATORIES LTD

Industry	Pharmaceuticals
CMP	₹ 86
Recommendation	Accumulate

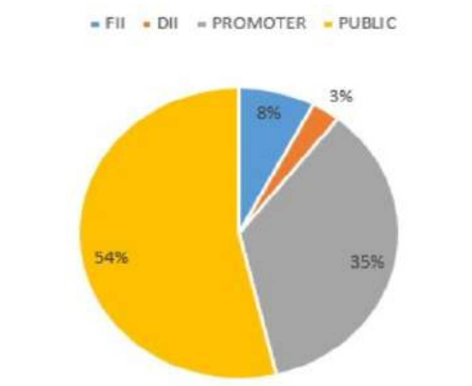
KEY DATA

BSE Code	500288
NSE Code	MOREPENLAB
52 Week High (₹)	100.80
52 Week Low (₹)	31.31
Market Cap (₹ Cr)	4,685
Face Value	2

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Global
Govt Regulations	High
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	40
EPS	1.9
ROE	12.00%
ROCE	16.80%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Founded in 1984, Morepen Laboratories Ltd has established itself as a prominent leader in the pharmaceutical industry, renowned for its high-quality products and innovative solutions. The company offers a diverse range of products, including active pharmaceutical ingredients, diagnostics, and over-the-counter items. Morepen is dedicated to enhancing global health through its advanced research and development efforts. One of the leading companies in the self-care medical devices industry in India, in terms of operating revenue. Morepen has a range of self-care medical devices like blood glucose monitors, blood pressure monitors, vaporizers, digital thermometers. The company has filed 155 patent applications worldwide out of which 55 patents have been granted in various geographies such as US/ Europe/ Canada/ India/ South Africa/ Russia etc. as on 31st March 2024.

INVESTMENT RATIONALE

- **Recent successful QIP Fundraise adds confidence:** Morepen successfully raises Rs.200 cr through QIP in Aug-24. Now, the additional fund raise, the company would accelerate the growth journey and help build large capacities and backward integration, cementing company's leadership position in Glucometers and BP Monitors markets feeding directly to the consumers. The issue was subscribed 1.68 times with bids of Rs. 335 crores against the Rs. 200 crores offering, demonstrating strong confidence reposed by Marquee global institutional investors like Bank of America Securities Europe (BOFA), Samsung India, Citigroup, Societe Generale, Nomura, BNP Paribas, Morgan Stanley and Eminence are some of the select names that have partnered with Morepen, paving the way for a promising future.
- **Strategic Goals & Objectives post fund raise:** With this fundraise, the company can clearly focus on the two growth engines - Pharma & Devices and also Increased focus on research and backward integration, leading to innovation and cost reduction. Post implementation the expected financial impact can help the company achieve revenue growth targets of 15-20% pa and backward integration will help increase efficiencies and improve EBITDA margins by 3-4% and improved ROIs and ROCE over long term.
- **Large Medical Devices Market Opening up in India and the World:** India is the fourth largest medical devices market in Asia and is been recognized as a Sunrise Sector of India. Indian medical devices market, currently valued at $11 bn, is expected to reach $50 bn by 2030, and is projected to grow to $250 bn by 2047. Morepen is a market leader in glucometers, having installed over 12 million units to date and sold nearly 1.6 million blood glucose strips, driven by an aggressive market expansion strategy into tier-2 and tier-3 cities. As a leading manufacturer of BP monitors, the company has shown impressive growth in the Point of Care (POC) diagnostics segment. Currently in blood glucometers Dr Morepen is a category Leader with 19% market share and 18% market share in BP Monitors.
- **Technical Outlook:** Major support is at 65, with accumulation recommended between 75 and 80. Resistance around 101 could offer a challenge, but targets of 150 and beyond remain achievable. The RSI on the daily time frame is pointing towards a potential breakout, while the MACD confirms a positive shift in momentum.

RISK

- Regulatory actions
- Any Delays in approvals in PATENTS & US DMFs

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	1547	1418	1690	1944
Total Expenditure	1410	1338	1532	1711
EBITDA	137	80	159	233
EBITDA Margin%	8.8%	5.6%	9.4%	12%
Profit after tax	102	39	97	116
PAT Margin%	6.6%	2.7%	5.7%	5.96%
EPS	2.1	0.8	1.9	2.3

Source: Capitaline, Msearch Research.

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MUHURAT TRADING AND INVESTMENT IDEA

SPICEJET LTD

Industry	Airline
CMP	₹ 60
Recommendation	Accumulate

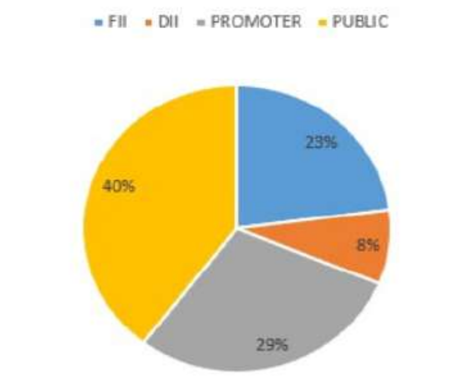
KEY DATA

BSE Code	500285
NSE Code	SPICEJET
52 Week High (₹)	79.90
52 Week Low (₹)	34.00
Market Cap (₹ Cr)	7741
Face Value	10

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

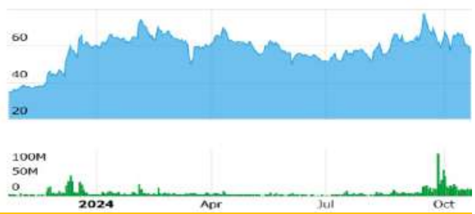
SHAREHOLDING PATTERN



KEY RATIOS

PE	-
EPS	-
ROE	-
ROCE	1.69%

PRICE CHART



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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

SpiceJet is one of India's leading low-cost airlines, headquartered in Gurugram, Haryana. It operates domestic and international flights to over 50 destinations, focusing on offering affordable air travel. The airline is known for its budget-friendly services while maintaining operational efficiency. SpiceJet's fleet consists mainly of Boeing 737 and Bombardier Q400 aircraft, allowing it to serve both short and medium-haul routes. Despite facing financial challenges at times, SpiceJet has consistently managed to remain a key player in India's aviation market, often introducing new routes and services to cater to growing demand.

INVESTMENT RATIONALE

- **Experienced Management:** SpiceJet is led by Ajay Singh, who holds a majority stake in the company and has extensive experience in the aviation industry. Ajay Singh is credited with turning around the airline during challenging periods, implementing effective cost-cutting strategies, and improving operational efficiency. His leadership has been instrumental in navigating SpiceJet through multiple crises, including fleet grounding and financial constraints, ensuring that the airline stays afloat and competes with larger players like IndiGo and Air India. His strategic decisions, such as settlements with lessors and raising funds, demonstrate his ability to manage both short-term challenges and long-term growth plans.
- **Fleet Expansion:** SpiceJet has been working on expanding its fleet with more fuel-efficient aircraft, particularly the Boeing 737 Max. These aircraft are known for their superior fuel efficiency and lower operating costs compared to older models, making them a strategic addition to the airline's operations. By upgrading to more modern, fuel-efficient planes, SpiceJet aims to reduce fuel costs, which is one of the largest expenses for any airline. Additionally, this fleet expansion will allow the company to increase its capacity, adding more routes and flights, thus enhancing its competitive position as it recovers from recent setbacks.
- **Financial Recovery:** SpiceJet has been focused on improving its financial health through various fund-raising initiatives, including a Qualified Institutional Placement (QIP) and preferential share allotments. The company has raised significant capital in the past year, with Rs 3,000 crore from these efforts aimed at settling debts and leasing disputes. For example, the resolution of its $49.8 million dispute with Echelon Ireland Madison One Ltd and a settlement with AerCap have helped the airline avoid litigation and clear major liabilities. These measures are expected to stabilize its balance sheet, providing the financial runway needed to focus on growth and operational expansion.
- **Technical Outlook:** With immediate support at 45, the accumulation zone between 57 and 62 provides a good entry point. Resistance near 80 may slow the stock's advance, but with a bullish volume growth and the RSI on the daily chart indicating signs of reversal from lower levels, the stock could rally to 100 and above in the medium term.

RISK

- High debt and negative net worth.
- Significant proportion of grounded aircraft

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024
Revenue	6410	8577	6779
Total Expenditure	7599	9880	7729
EBITDA	-1189	1303	-950
EBITDA Margin%	-18.5%	-15.2%	-14.0%
Profit after tax	-1744	-1513	-424
PAT Margin%	-27.2%	-17.6%	-6.3%
EPS	0	0	0

Source: Capitaline, Msearch Research.

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MUHURAT TRADING AND INVESTMENT IDEA

TVS SUPPLY CHAIN SOLUTIONS LTD

Industry	Logistics Solution Provider
CMP	₹ 187
Recommendation	Accumulate

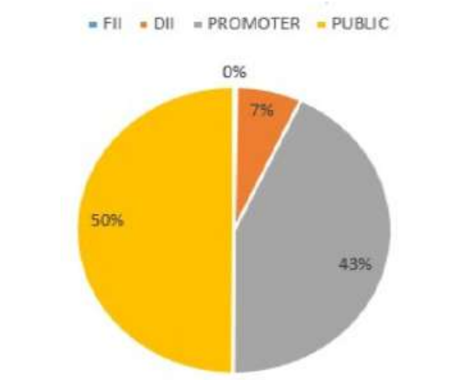
KEY DATA

BSE Code	543965
NSE Code	TVSSCS
52 Week High (₹)	226.65
52 Week Low (₹)	145.40
Market Cap (₹ Cr)	8252
Face Value	1

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	-
EPS	-
ROE	-7.39%
ROCE	4.74%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

TVS Supply Chain Solutions (TVSSCS) is one of India's largest fully-integrated supply chain management companies, offering end-to-end services across the value chain. With a diversified revenue mix spanning Asia, Europe, India, and the US, the company serves a sticky client base, providing strong revenue visibility. Operating on an asset-light business model, TVSSCS can efficiently scale its operations during economic downturns. As part of TVS Mobility Private Limited, it benefits from entry barriers such as deep customer domain knowledge, regulatory expertise, and proprietary technology. TVSSCS operates in 26 countries, including key markets like India, the UK, and the US.

INVESTMENT RATIONALE

- **Market Leadership and Scale:** TVSSCS is one of India's largest supply chain solutions provider by revenue annually. Its leadership in a rapidly growing sector positions it to capture increasing market share, especially in India, where the supply chain solutions market is expected to grow at 22% CAGR in next 5 years. This leadership, combined with its broad portfolio of services and global presence, offers significant competitive advantages.
- **Asset-Light Business Model:** TVSSCS follows an asset-light model, leasing warehouses and vehicles through partnerships, which allows it to scale operations without heavy capital expenditures. This flexibility reduces financial risk and enhances return on assets (ROA). Furthermore, capital leases allow for the depreciation of assets, improving free cash flow (FCF) by keeping costs off the balance sheet, which is a favorable trait for long-term investors looking for efficient capital utilization.
- **Debt Reduction:** TVSSCS recently paid down its long-term debt using proceeds from its IPO and internal accruals, leaving it with just ₹7,500 million in working capital debt at an attractive 7.5% interest rate. This improved balance sheet significantly reduces the company's financial leverage, freeing up cash flows for growth investments and improving profitability. The reduction in interest expense should also contribute positively to net earnings.
- **Inorganic Growth through Acquisitions:** The company has completed over 20 acquisitions in the last 16 years, expanding its capabilities and geographic footprint across Europe, the UK, the US, and Asia-Pacific. This strategic inorganic growth enables TVSSCS to quickly scale its operations and enhance service offerings. Its ability to integrate these acquisitions effectively will be critical in maintaining margins and driving future growth.
- **Technical Outlook:** Immediate support at 170, with major support at 140 and an accumulation zone between 180 and 190. Resistance near 260 may create short-term hurdles, but targets of 300 and above are within reach. The MACD on the daily time frame indicates a strengthening trend, and the RSI uptick confirms a bullish reversal.

RISK

- Uncertainties due to Exposure to Global Macro Conditions.
- Integration risk from inorganic growth through acquisition

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	9250	9994	9200	9800
Total Expenditure	8674	9348	8569	9016
EBITDA	577	646	632	784
EBITDA Margin%	6.23%	6.47%	6.86%	8%
Profit after tax	-46	42	-91	30
PAT Margin%	-0.50%	0.42%	-0.98%	0.31%
EPS	0	1.1	0	0.7

Source: Capitaline, Msearch Research.

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MUHURAT TRADING AND INVESTMENT IDEA

Sunteck

SUNTECK REALTY LTD

Industry	Residential, Commercial Projects
CMP	₹ 588
Recommendation	Accumulate

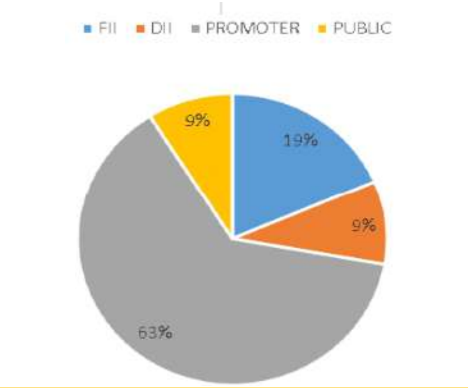
KEY DATA

BSE Code	512179
NSE Code	SUNTECK
52 Week High (₹)	698.35
52 Week Low (₹)	379.90
Market Cap (₹ Cr)	8,612
Face Value	10

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	High
Msearch View	Positive

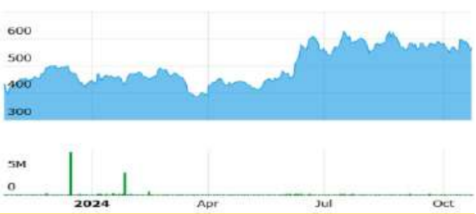
SHAREHOLDING PATTERN



KEY RATIOS

PE	86
EPS	4.8
ROE	2.38%
ROCE	4.66%

PRICE CHART



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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Sunteck Realty Ltd (SRL) is a leading Mumbai-based real estate development company engaged in developing residential and commercial properties, catering to the ultra-luxury, luxury, mid-segment and affordable residential segments. The company undertakes projects primarily under joint venture (JV) and joint development arrangement (JDA) formats and spread across the Mumbai Metropolitan Region, along with some exposure in Tier-II cities such as Jaipur, Nagpur and Goa. SRL is promoted by a first-generation entrepreneur, Kamal Khetan who has extensive experience of nearly two decades in the real estate industry marked by a track record of real estate development of more than five million square-feet (msf).

INVESTMENT RATIONALE

- **Diversified Real Estate Developer in India:** SRL has a portfolio of 52.5 million sq. ft. across 32 projects with healthy mix of 80% into residential and 20% in commercial and retail, divided into six categories: Uber luxury, Ultra luxury, Premium luxury, Marquee Luxury Destination, Aspirational luxury, and Commercial & Retail developments. Notable projects include Signature Island at Bandra Kurla Complex, Sunteck City in Goregaon, and SunteckWorld in Naigaon. SRL is known for financial prudence, maintaining low debt-equity ratios and strong cash flows with strategic partners include Kotak Fund, Ajay Piramal group, and the International Finance Corporation for developing affordable housing.
- **Asset-light Joint Development Agreement (JDA) Model to benefit in long run:** SRL started adopting more and more asset-light JDA approach to development property in MMR region. Recent clusters of MMR area are being acquired in a similar manner, and this approach has helped the company to maintain low leverage levels over the old traditional asset heavy development model which would need more cash inflow in the early stage of business. The JDA model do not involve high upfront cash outgo as the company gives landowners a share of customer collections and quickly adapt to market changes and scale operations efficiently.
- **Expanding Annuity Income Business:** SRL, the Luxury real- estate developer, is expanding its annuity income business of its commercial portfolio as it entering a long term understanding/ agreement for commercial building. The built-up area of Sunteck Icon is approximately 2 lakh square feet with an approximate rental of Rs. 300 per Sq. Ft. per month on carpet area basis. This will allow the company to generate a revenue of close to Rs 2,000 crore over the tenure of 29 years. Company is strengthening its commercial portfolio, going forward it will be strategically positioning in the two key business districts of the Mumbai- Bandra-Kurla Complex (BKC) and Oshiwara District Centre (ODC), Goregaon (West). Diversifying into commercial office spaces can be a good way to reduce risk and increase long-term returns in real estate investing.
- **Technical Outlook:** Major support is at 450, with accumulation recommended between 500 and 520. Resistance around 700 could lead to gains up to 1000 and beyond. The RSI on the daily time frame is trending in bullish territory, but caution is advised on any pullback toward support levels for better entry points.

RISK

- High cyclical sector
- Regulatory & interest rate risks.

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	513	363	565	800
Total Expenditure	418	298	448	648
EBITDA	95	64	117	152
EBITDA Margin%	18.6%	17.7%	20.8%	19%
Profit after tax	25	1	71	96
PAT Margin%	4.89%	0.39%	12.56%	12%
EPS	1.8	0.1	4.8	6.6

Source: Capitaline, Msearch Research.

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MUHURAT TRADING AND INVESTMENT IDEA

LEMON TREE HOTELS LTD

Industry	Hotels & Resorts
CMP	₹ 123
Recommendation	Accumulate

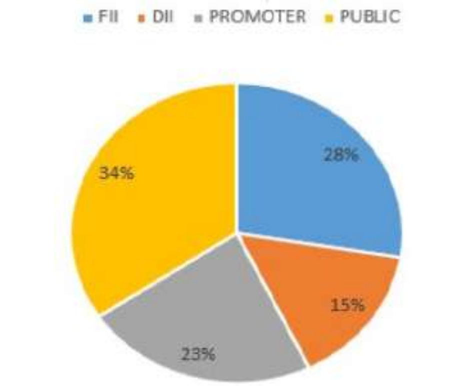
KEY DATA

BSE Code	541233
NSE Code	LEMONTREE
52 Week High (₹)	158.05
52 Week Low (₹)	100.75
Market Cap (₹ Cr)	9,749
Face Value	10

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	65.7
EPS	1.9
ROE	16.30%
ROCE	11.40%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Lemon Tree Hotels Limited (LTH) is one of the largest hotel chains in India, which owns/leases/operates/franchises hotels across the upscale, upper-midscale, midscale and economy segments. The company operates under seven brands: Aurika Hotels & Resorts, Lemon Tree Premier, Lemon Tree Hotels, Red Fox Hotels by Lemon Tree Hotels, Keys Prima by Lemon Tree Hotels, Keys Select by Lemon Tree Hotels, and Keys Lite by Lemon Tree Hotels. They operate 104 hotels with 9,863 rooms across seven brands, including upscale, midscale, and economy segments.

INVESTMENT RATIONALE

- **Asset-Light Growth and Network Effect:** The company is strategically leveraging a robust pipeline of management contracts to fuel revenue growth without incurring capital investment. This asset-light model significantly enhances profit margins as the revenue generated from management and franchise fees continues to rise. The increase in managed rooms illustrates the company's commitment to expanding its footprint. This strategy not only aims for substantial room additions but also emphasizes cash flow generation focused on reducing debt, with the ambition of achieving a debt-free status in the near future. The heightened interest from standalone hotel owners, especially in smaller cities, further propels the company's growth trajectory and market presence. Additionally, the launch of a new franchise division is expected to capitalize on existing brands and widen the company's network through franchised hotels.
- **Strong Position in the Midscale and Economy Segment:** The company holds a significant position in the midscale and economy hotel markets, which are often overlooked by larger brands focusing on luxury. This strategic positioning offers a competitive edge, allowing the company to tap into substantial growth opportunities in these segments. The presence of a vast number of unbranded hotels presents an avenue for converting them into branded properties through management contracts, enabling the company to expand its market share and reinforce its leadership in the midscale and economy hotel sectors.
- **Growing Management Contract Pipeline to Enhance Profitability:** The company has developed a strong and expanding pipeline of management contracts, which allows for a complete flow-through of management income without the need for capital investment. This approach has been key in boosting profit margins. The contributions from managed and franchised operations have shown significant growth, further emphasizing the effectiveness of this strategy. The increase in revenue from both owned hotels and management fees from third-party hotels illustrates the company's robust operational performance and its capability to capitalize on diverse revenue streams.
- **Technical Outlook:** Immediate support is at 100, with accumulation opportunities between 108 and 115. The stock faces resistance near 160, but targets of 225 and beyond are plausible. The MACD on the daily time frame has turned bullish, pointing to an upward trajectory, while the RSI shows growing strength.

RISK

- Industry cyclicality.
- Subdued debt coverage

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	402	875	1071	1100
Total Expenditure	284	427	548	572
EBITDA	119	448	523	528
EBITDA Margin%	29.5%	51.2%	48.8%	48%
Profit after tax	-137	141	182	198
PAT Margin%	-34.2%	16.1%	17.0%	18.00%
EPS	0	1.5	1.9	2.5

Source: Capitaline, Msearch Research.

30 SAAL

MUHURAT TRADING AND INVESTMENT IDEA

USHA MARTIN

USHA MARTIN LTD

Industry	Iron & Steel Products
CMP	₹ 421
Recommendation	Accumulate

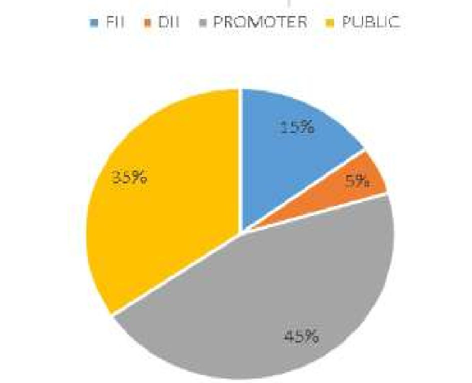
KEY DATA

BSE Code	517146
NSE Code	USHAMART
52 Week High (₹)	427.30
52 Week Low (₹)	252.95
Market Cap (₹ Cr)	12827
Face Value	1

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	30
EPS	13.9
ROE	19.20%
ROCE	22.10%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Usha Martin Ltd (UML), a prominent wire rope manufacturer since 1960, is a market leader with multiple production units worldwide. Their cutting-edge facilities in Ranchi, Hoshiarpur, Dubai, Bangkok, and the UK create a diverse range of high-quality wire ropes for global industries, backed by state-of-the-art machinery.

INVESTMENT RATIONALE

- **Leading Player in Wire and Rope Industry with Diversified Operations:** Usha Martin is a market leader in India's wire and wire rope industry and ranks among the top five global manufacturers in the sector. The company serves a diverse range of industries, including elevators, mining, container port cranes, fishing, and construction, maintaining a significant market share in each. With two state-of-the-art manufacturing plants in India and four overseas facilities through its foreign subsidiaries, UML is well-positioned to meet the demands of its non-correlated end-user industries, both domestically and globally.
- **Strengthens Market Position with Value-Added, Customized Wire Rope Products:** Following the divestment of its steel division, UML now focuses primarily on manufacturing value-added wire and wire rope products. Unlike commodity products, wire ropes are customized to meet specific consumer requirements, allowing UML to achieve higher and more stable margins. With its strong market leadership, established product approvals, and close relationships with major end-user industries, UML is well-positioned to maintain its market share.
- **Plans Major Capacity Expansion and Modernization to Enhance Profitability:** Company is expanding its production capacity by 19% in its Ranchi plant and 8% in its Thailand plant, with a total investment of INR 5.39 billion. The project, to be completed in phases between 2QFY25 and 1QFY27, is primarily funded by internal accruals and will add high-value, high-margin niche products to UML's portfolio. The expansion is expected to boost EBITDA, supported by strong cash flows, free cash reserves, and efficient power consumption from existing surplus capacity. The company's operational efficiency is expected to improve due to modernization and capacity upgrades.
- **Technical Outlook:** With support at 385, accumulation between 400 and 425 presents a strong buying opportunity. Resistance near 451 may lead to some short-term consolidation, but the stock could rally towards 600 and above. The RSI on the daily time frame suggests building strength, positioning the stock for a breakout.

RISK

- Inability to pass-off the effect of adverse movement of prices of key input materials and rising freight costs.
- Slowdown of major economies might impact growth plans of the Company

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	2688	3268	3225	3548
Total Expenditure	2304	2754	2627	2838
EBITDA	384	513	599	710
EBITDA Margin%	14.3%	15.7%	18.6%	20%
Profit after tax	291	351	424	497
PAT Margin%	10.84%	10.73%	13.15%	14%
EPS	9.5	11.5	13.9	16.3

Source: Capitaline, Msearch Research.

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MUHURAT TRADING AND INVESTMENT IDEA

GRANULES INDIA LTD.

Industry	Pharmaceuticals
CMP	₹ 595
Recommendation	Accumulate

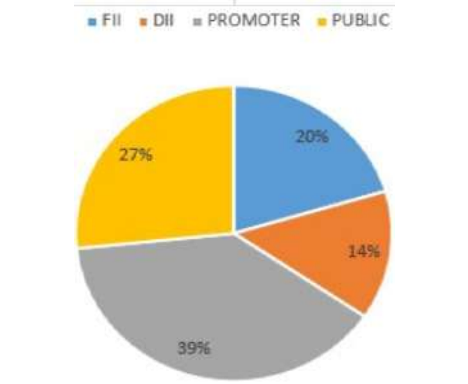
KEY DATA

BSE Code	532482
NSE Code	GRANULES
52 Week High (₹)	724.55
52 Week Low (₹)	319.20
Market Cap (₹ Cr)	14,425
Face Value	1

INDUSTRY SNAPSHOT

Customers	Global
Market Presence	Global
Govt Regulations	High
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	28.7
EPS	16.7
ROE	13.40%
ROCE	15.40%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Granules India Ltd (GIL) is Hyderabad-based leading vertically integrated, high-growth pharmaceutical company that is specialised in manufacturing active pharmaceutical ingredients (APIs), Pharmaceutical Formulations Intermediates (PFIs) and Finished Dosages (FDs). By FY24, the company has 7 manufacturing facilities, five manufacturing facilities in and around Hyderabad, one in Vishakapatnam and one in the US, the company is one of a global leader in the production of APIs such as Paracetamol, Metformin, Guaifenesin, and Methocarbamol. With 4 decades of establishment it has built a strong global presence, catering to customers in over 80+ countries across the world.

INVESTMENT RATIONALE

- **Strong Business Profile:** GIL, has successful business mix transformation towards high-margin FD segment with strong margin improvement. By FY24, GIL has successfully transformed its business model from low-margin active pharmaceutical ingredients (APIs)-pharmaceutical formulations intermediates (PFIs) to high margin FD segment wherein sales contribution from API-PFI declined to 36% from 68%, while FD sales increased to 64% from 32% over FY14-FY24. Contribution of FD has significantly improved to 76% in Q1FY25 from 64% in FY24. Respectively, with robust improvement in gross margin to 55% in FY24 from 41% in FY14 and EBITDA margin to 19% from 14%, despite challenging regulatory environment.
- **Healthy R&D Pipeline to Support Growth:** Company expects the business to grow at a healthy pace over the next three-to-four years, driven by the healthy ANDA pipeline of 77 products for the FD business in the US, of which 62 were approved and 15 were pending for approval till 4QFY24. Management has guided to launch 16-18 products, of which 14 will be new and the remaining will be essential extensions of the launches in FY25. New products will be launched primarily in the US and Europe. Overall R&D expenses increased to 4.4% of sales in FY24 (FY23: 2.6%) since the company has been focusing on various platforms of R&D such as central nervous system (attention deficit hyperactivity disorder), complex products, and oncology platform.
- **Product Launches to Drive Profitability:** Company have an exciting product pipeline in oncology, the antibody diabetic segment, large volume molecules and select non-OSD dosage form. The company launched five products in Q1FY25 and for FY25, the company indicated additional 3-4 products to launch in the US and around eight products in the RoW market which should drive further growth momentum. Company spent Rs 1,444 million on capex for H1FY25 and has committed incur capex of Rs 6,000 million and Rs 5,000 million in FY25 and Fy26, respectively, which is likely to be entirely funded by internal accruals, thus keeping the debt at similar levels. The backward integration of its core products (Paracetamol/Metformin) is also on track to improve overall profitability over the medium term. Its focus on enzyme and fermentation technology to build the pipeline of complex products in the regulated market will support overall growth over the next 12-18 months.
- **Technical Outlook:** With immediate support at 530 and an accumulation zone between 540 and 560, Granules India is positioned for a potential rally. Resistance near 720 may serve as a short-term hurdle, but if surpassed, the stock could aim for 1000 and above. The rising RSI on the daily time frame suggests increasing bullish momentum and a strengthening trend.

RISK

- Exposure to high regulated markets, Regulatory Concerns

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	3765	4512	4490	5029
Total Expenditure	3043	3598	3650	3973
EBITDA	722	914	840	1056
EBITDA Margin%	19.2%	20.3%	18.7%	21.0%
Profit after tax	413	517	405	503
PAT Margin%	11.0%	11.4%	9.0%	10.0%
EPS	16.6	21.4	16.7	20.7

Source: Capitaline, Msearch Research.

MUHURAT TRADING AND INVESTMENT IDEA

PIRAMAL ENTERPRISES LTD

Industry	Non Banking Financial Company (NBFC)
CMP	₹ 1048
Recommendation	Accumulate

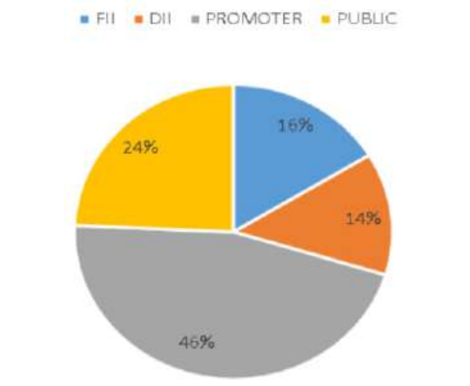
KEY DATA

BSE Code	500302
NSE Code	PEL
52 Week High (₹)	1143.00
52 Week Low (₹)	736.60
Market Cap (₹ Cr)	23,628
Face Value	2

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

SHAREHOLDING PATTERN



KEY RATIOS

PE	-
EPS	-
ROE	1.25%
ROCE	3.91%

PRICE CHART

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Report Dated : 18 Oct, 2024

ABOUT THE COMPANY

Piramal Enterprises Limited (PEL) is a leading diversified non-banking financial company (NBFC) in India, with assets totalling approximately $10 billion. Operating across 26 states and Union Territories, PEL has a robust network of over 400 branches. The company offers a comprehensive range of financial products and services, spanning retail and wholesale lending, fund-based platforms and strategic investments, positioning itself as a key player in India's financial services sector.

INVESTMENT RATIONALE

- **Increase in retail lending in AUM mix:** Company has focused on increasing its retail lending portfolio, aided by the acquisition of Dewan Housing Finance Limited (DHFL). By FY24, PEL diversified into unsecured loans, SME credit, vehicle financing and personal loans, partnering with fintech firms to grow its retail financing business. As of June 2024, PEL's AUM stood at Rs. 70,576 cr, with retail lending constituting 72% of the total AUM, up from 50% in FY23. The wholesale lending portfolio decreased to 28%. Housing loans make up 32% of the AUM, with secured MSME and unsecured loans contributing 16% each. PEL expanded its branch network to support retail growth, with disbursements improving and outpacing legacy DHFL loan run-off.
- **Digital Personal Loans Essential for Customer Acquisition:** PEL salaried personal loan segment has an average ticket size of Rs.410k, with a disbursement yield of 17.7% and an average borrower CIBIL score of ~770. A concern in the unsecured credit industry is that over 10% of customers hold more than 10 open credit lines, complicating risk assessments. PIEL primarily relies on physical distribution channels, using credit and leverage scores to manage risk, though it acknowledges the importance of digital channels for future growth despite high costs. The company disburses Rs.300-400 million monthly in small-ticket digital loans but remains cautious in this challenging segment.
- **Branch Expansion to Moderate, Focus on Enhancing Productivity:** Company's following the DHFL acquisition, expanded its branch network from 300 to 500, with plans to add around 100 more branches in the coming quarters. Operational efficiency has improved, with the operating expense ratio declining by ~150bps over the past five quarters. By FY25, PEL expects the opex-to-AUM ratio to stabilize between 3.5% and 4.0%. New branches initially focus on home loans and LAP, with other retail products to be introduced gradually.
- **Technical Outlook:** Immediate support is established at 900, with accumulation advised between 1000 and 1050. Resistance near 1140 could be a short-term cap, but targets of 1650 and above remain within reach. Fluctuations in the RSI on the daily time frame signal a bullish trend, backed by increasing volume, which supports a positive outlook.

RISK

- Concentration risk with sizeable amount of wholesale loan portfolio.
- Slowdown of or disruption to the macroeconomic environment
- Vulnerable to volatility in interest rates.

FINANCIAL OVERVIEW (₹ IN CRORES)

Particulars	2022	2023	2024	2025E
Revenue	7726	8934	10020	11223
Total Expenditure	2137	7434	8410	7182.5
EBITDA	5589	1500	1611	4040
EBITDA Margin%	72.3%	16.8%	16.1%	36.0%
Profit after tax	1999	9969	-1684	800
PAT Margin%	25.87%	111.58%	-16.80%	7.13%
EPS	80.6	417.7	-74.9	35.6

Source: Capitaline, Msearch Research.

MEHTA

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- **COMMODITIES -** MCX & NCDEX
- **CURRENCY -** NSE

WEALTH MANAGEMENT

- **DEMAT SERVICES -** CDSL
- **PMS & AIF**
- **LOAN AGAINST SHARES**
- **DISTRIBUTION -** MUTUAL FUNDS/IPO BONDS

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Buy: > 20% within the next 12 Months
Accumulate: 5% to 20% within the next 12 Months
Sell : < -20% within the next 12 Months
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Phone No +91 22 61507180
For grievance redressal contact Customer Care Team Email: help.kyc@mehtagroup.in Phone: + 91 22 61507154

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