AngelOne

Shagun Ke Shares

Presents

Diwali Picks Report

Diwali Special - October 2022

Happy Diwali

Dear Friends,

Let me wish you all a very Happy Diwali and a Prosperous New Year!
As we head into the auspicious occasion of Diwali, the NIFTY is approaching its all-time high. The demand conditions have improved since last Diwali despite the threat of inflation, and the outlook remains bright given that the same is at manageable levels.

While the global economies are grappling with the issue of high inflation and slowing growth, India's strong positioning makes it an ideal destination for FIIs. After nine straight months of selling since about last Diwali, the FIIs have returned to India, which I believe is a true testament to our growth story. After being net sellers to the tune of ₹2.6 lakh Cr between Oct'21-Jun'22, the FIIs have bought back ₹56,193Cr in Jul-Aug'22.

One of the major reasons for NIFTY's relative strength compared to previous periods (of heavy selling by FIIs), has been the strength of the MFs and the growing base of direct retail investors. Against the FII selling, the MFs bought `1.5 lakh Cr between Oct'21-Jun'22. The SIP flows have grown at ~24% CAGR over the last six years, providing support to MFs. Additionally, the emergence of direct retail participants has been instrumental in lowering our dependence on FIIs.

As a result of increased retail participation, via MF and direct route, their holding has increased from 17% in FY15 to 22% at present. There have been 1.10Cr Demat accounts added in the past five months and, I expect the Demat penetration to improve as new-age digital brokers like us expand our reach.

The Fed has raised interest rates since Mar'22 with cumulative hikes of 225bps which are further expected to increase by 100bps, while the balance sheet size reduction will pick up pace post-Sep '22. The projected interest rate of 3.5% would help bring down inflation while the economy can still grow as it did during 2000-08, a period that had similar levels of interest rates. In case of severe slowdown and moderation in inflation, the Fed would be compelled to reverse its stance.

On the other hand, the RBI has cumulatively increased rates by 140bps to 5.4% since May'22. I expect India to fare better as we have managed to grow at ~6% throughout periods where inflation has averaged 9%, and interest rates have been at 7-8%.

Strong consumption is expected to drive growth, and the manufacturing sector's capacity utilization is now above its long-run average. Receding margin headwinds and operating leverage are expected to drive profit growth, enticing fresh investments. The government's strong Capex push and a healthier financial system would support investments. Our external position has been strong, resulting in the Rupee being relatively stable against the dollar compared to other major currencies. All in all, our growth drivers are intact, and our external position is much stronger.

So, let's continue the exciting journey while celebrating this auspicious occasion.

Happy Diwali once again!

Dinesh Thakkar
CMD, Angel One Limited

Note: Letter dated 13 Sep 2022

Top Picks

Company	CMP (₹)	TP (₹)
Auto		
Sona BLW Precis.	460	650
Ramkrishna Forg.	224	256
Suprajit Engg.	325	485
Banking		
Federal Bank	130	150
HDFC Bank	1,441	1,700
AU Small Finance	601	848
Chemical		
P I Industries	3017	3700
Jubilant Ingrev.	529	700
IT		
HCL Technologies	1002	1192
Others		
Stove Kraft	673	805
Sobha	638	850
Amber Enterp.	2247	3500
Oberoi Realty	900	1150
Devyani Intl.	187	255
Marico	512	600

Source: Company, Angel Research

Note: Closing price as on 14th October,2022

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India is on a firm footing on the world's shaky ground

The Indian economy has maintained its growth momentum since last Diwali as the economy opened. Except for a slight dip in 4QFY22 growth owing to Omicron-related restrictions, the 13.5% YoY growth in 1QFY23 suggests that the economy is on the right track. The momentum is continuing with both Manufacturing and Services PMI posting expansion as the demand conditions remain strong. Owing to steady economic growth, the trend in tax collections (7 straight months of ₹1.4 Lakh Crs in GST collections) is likely to sustain, which should enable the Government to be closer to its Fiscal Deficit target and maintain its focus on Capex. Meanwhile, the environment is also conducive for Private investments owing to lower debt levels and healthy banking metrics.

India's fundamentals are sound, with a strong external position that will continue to lend support. The recent global events have increased the importance of lowering dependence on a single supplier, and India stands to benefit from the diversification of supply chains. Currently, the NIFTY PE is trading at 17.4x its 1-Yr Fwd EPS, which is near its 5-Yr average. We believe that the valuations are reasonable given the current inflationary environment, which is leading to aggressive monetary tightening. We are positive on Private Banks, consumption, IT, chemicals, and select cyclical plays.

Slowdown in developed countries leading to commodity prices correction

Global inflation has been hot as geopolitical events have sent energy prices surging. Aggressive monetary policies by central banks aimed at containing inflation have already started to impact growth. Several indicators are pointing to slowing or negative growth which has resulted in commodity prices coming off from peak levels by 20-22% and can aid Indian companies in margin recovery.

India is in a strong position amidst a gloomy global scenario

The momentum in the economic growth is sustaining on account of the strong demand scenario, while the moderation in inflation is beneficial for India. The slowdown in global growth is likely to keep oil prices in check which should aid our external situation. Moreover, we are in a comfortable position with manageable CAD (-2.8% in 1QFY23 of GDP) and sufficient forex reserves (US $533 Bn) which should aid in absorbing any shocks in the near term. Strong collections would assist in reaching the Fiscal deficit target, and rising capacity utilization levels are expected to drive overall investments. Although the slowing global growth ought to impact our economy, the strong domestic demand would aid in offsetting a decline in exports.

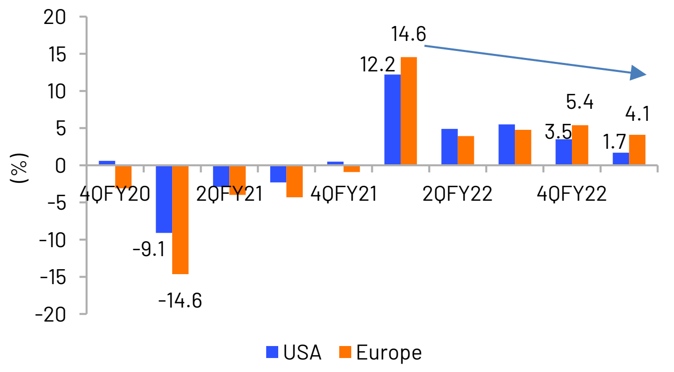
DIIs & Retail have emerged as a dominant player in the market

We have observed that our markets relative strength compared to previous periods (of heavy selling by FIIs), has been the strength of the MFs and the growing base of direct retail investors. Against the FII selling of ₹1.4lakh Cr, the MFs bought `1.5 lakh Cr in FY22 whereas for 1HFY23 FII selling was `59k Cr and MFs bought ₹78K Cr. Strong buying by MFs is supported by the SIP flows which have grown at ~24% CAGR over the last six years. Additionally, the emergence of direct retail participants has been instrumental in lowering our dependence on FIIs.

Slowdown in developed countries leading to commodity prices correction

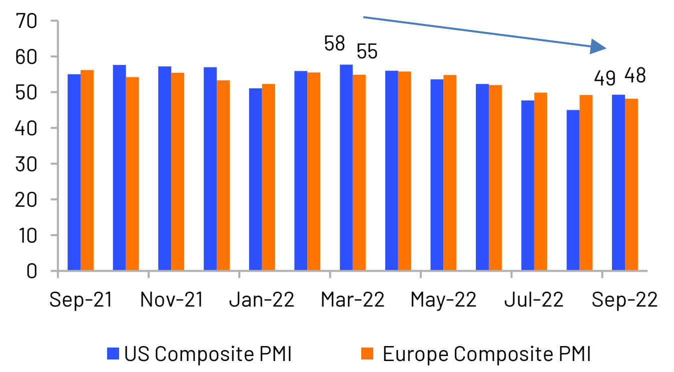
The global growth prospects have become gloomy with growth in advanced economies already slowing or showing signs of weakness. This has been on account of tighter monetary policies of major central banks across economies to tackle the skyrocketing inflation. In Europe, the spillover from the war in Ukraine has also resulted in lower growth expectations. We can see in the exhibit US and Europe's GDP & PMI indexes indicate a slowdown in economic activities.

Exhibit 1: GDP yoy growth across AEs is slowing



Source: Bloomberg, Angel Research

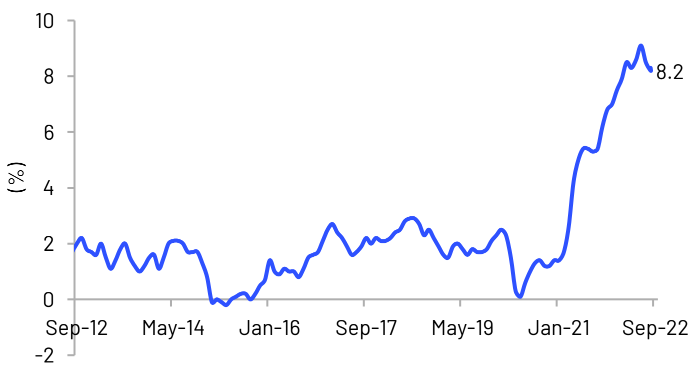
Exhibit 2: Composite PMIs are in the contraction zone



Source: Bloomberg, Angel Research

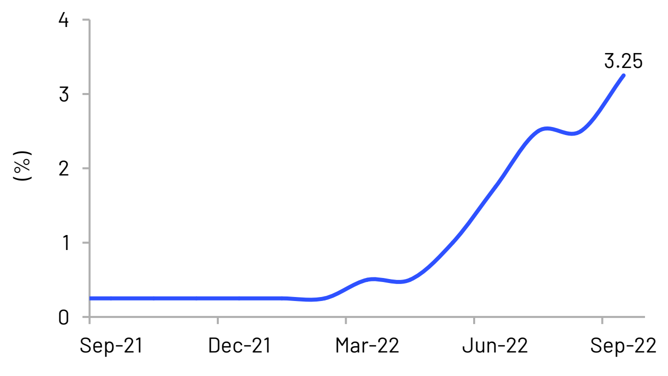
The federal reserve kept short-term nominal interest rates at zero and used quantitative easing to expand its balance sheet from US$4 trillion to US$9 trillion between Mar 2020-22 as a response to the COVID-19-related recession. As a result of aggressive monetary policy, the price levels surged to the highest levels seen in the last 3-4 decades. The surge in inflation from May 2021 initially was driven by durable goods but slowly became broad-based with the recent inflation being driven by Energy.

Exhibit 3: US inflation (CPI YoY%) was highest since 1980s



Source: Bloomberg, Angel Research

Exhibit 4: Compelling feds to hike Interest Rates



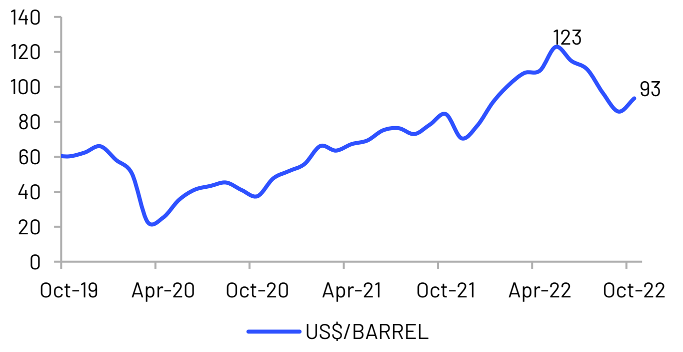
Source: Bloomberg, Angel Research

After being behind the curve and not raising the rates till March 2022, the Fed has been steadfast in raising the interest rates and keeping them at elevated levels to tackle inflation. The Fed started to right-size its balance sheet in June 2022 and guided for doubling the pace of contraction (from the previous three months) to US$95 billion per month from September 2022. The acceleration in tightening would result in a reduction in reserves, and hinder lending to the financial markets and the overall economy.

Resultant commodity price correction to benefit Indian companies

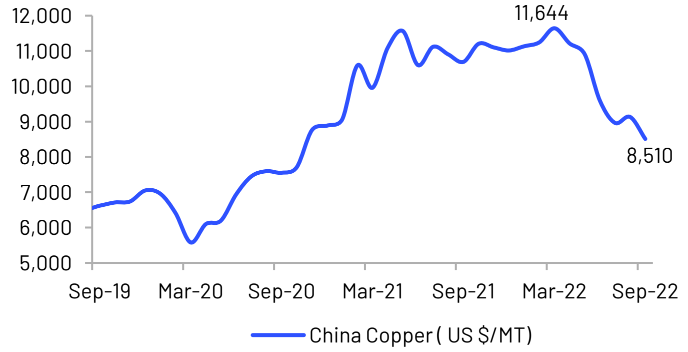
Due to slowing growth in the US, EU and China, several commodity prices have retreated from their peak levels. Brent crude prices have come off from their highs of ~US$123 per barrel and are down 24%. Similarly, copper and steel prices are down ~27% each from their peaks. The margins of Indian companies have come under pressure over the past few quarters on account of high input prices. The current cooling in commodity prices would lead to a recovery in margins and aid earnings growth.

Exhibit 5: Crude oil is down 24% from its peak



Source: Bloomberg, Angel Research

Exhibit 6: Copper prices are down 27% from peak levels

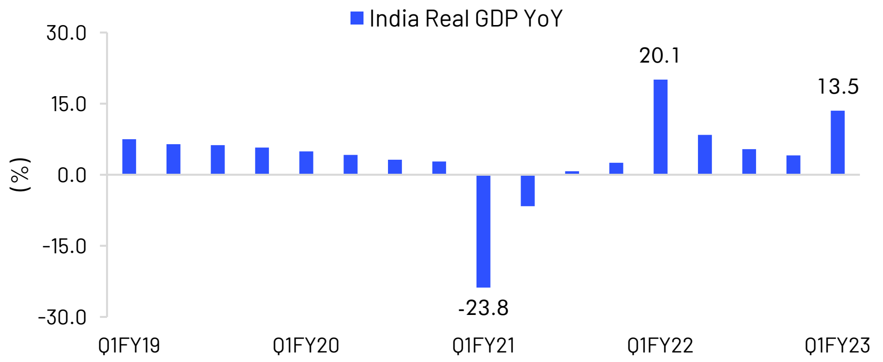


Source: Bloomberg, Angel Research

Indian economy has been on strong growth trajectory

Indian real GDP grew by an average rate of ~6% YoY during Q2FY22-Q4FY22, maintaining steady growth momentum with slight hurdles in January 2022 owing to the Omicron wave. FY22 real GDP growth of 8.7% YoY was supported by a pick-up in investments and private consumption. Q1FY23 GDP grew by double digits, +13.5% YoY owing to strong growth in private consumption and investments. As for the supply side, real GVA grew by 12.7% YoY led by 17.6% YoY growth in services. Growth in construction was also impressive which grew by 16.8% YoY (+71.3% YoY in Q1FY22), leading to growth among industries.

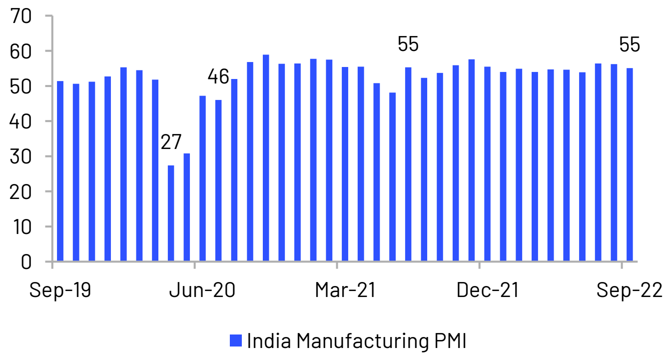
Exhibit 7: Indian GDP



Source: RBI, Angel Research

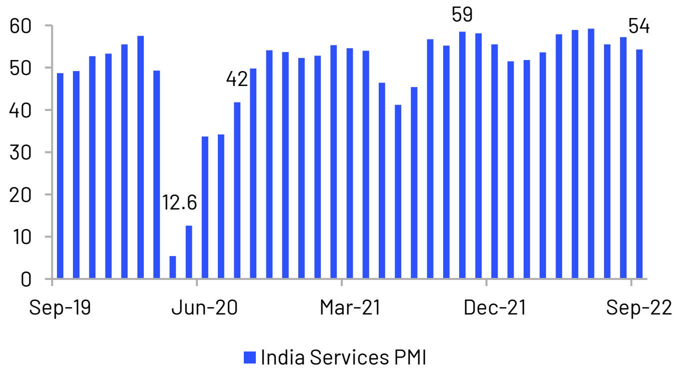
The growth is likely to sustain in the near term as most high-frequency indicators are positive. For the industrial sector, India's manufacturing PMI expanded at the fastest pace in the last 14 months to 55.1 in September 2022. The growth has been attributed to the strengthening of demand conditions. Services, also continue to expand with a reading of 54.3 in September 2022 with growth being led by new businesses. With services continuing to grow along with manufacturing, India's Composite PMI stayed in the expansion zone for the 12th straight month.

Exhibit 8: Manufacturing has maintained growth



Source: IHS Markit, Angel Research

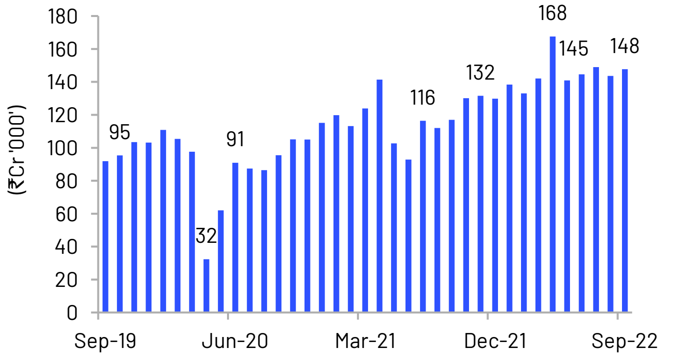
Exhibit 9: Services rebounded post full opening-up



Source: IHS Markit, Angel Research

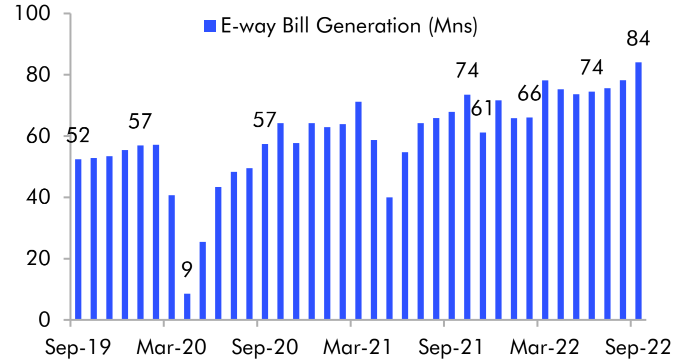
GST collections at ₹1.48 lakh crores in September 2022, marked the 7th consecutive month of ₹1.40 lakh crore+ collections. We believe that this momentum is likely to sustain given the better adherence to compliance and steady growth in the economy. E-way bill generations were also holding up well with ~24% YoY growth and suggest that the GST collections would be above `1.50 lakh crores for the coming month.

Exhibit 10: GST collection to sustain on broader growth



Source: GSTN, Angel Research

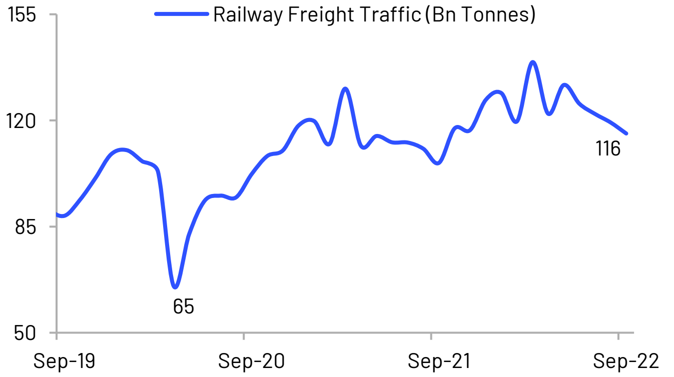
Exhibit 11: E-way data points to better freight availability



Source: GSTN, Angel Research

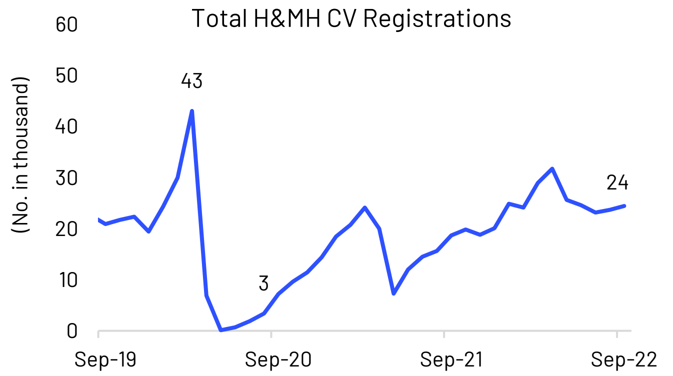
Other indicators that reflect freight movement are showing growth from the pre-pandemic levels and reflect the strength in the demand environment. Railway freight traffic is clearly above pre-pandemic levels while CV registration, which was one of the worse affected post the BS VI implementation and Covid outbreak, is pointing to better freight operator profitability and a favorable demand scenario.

Exhibit 12: Freight movement above pre-pandemic levels



Source: Indian railways, Angel Research

Exhibit 13: Also seen in improving MHCV registrations



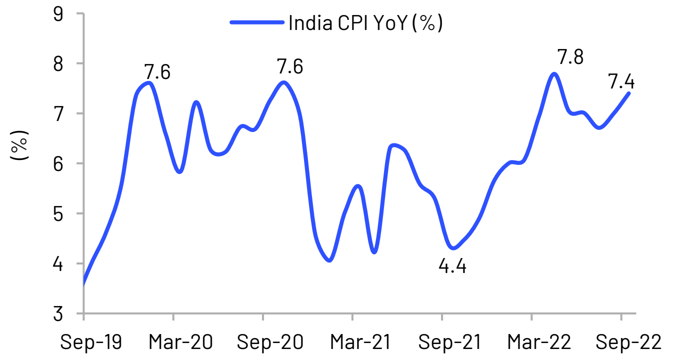
Source: https://vahan.parivahan.gov.in, Angel Research

India's fundamentals are sound

The paths for advanced economies and that for India are clearly diverging and India's fundamentals are much stronger than in the recent past which should enable it to navigate through the uncertainty in global environment. We believe that the impact on Indian markets is likely to be less severe than before owing to better domestic growth and a stronger external position.

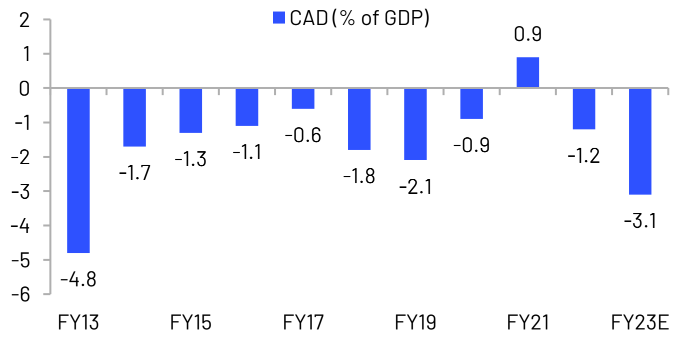
India's Inflation has been quite flattish and near to its pre-covid levels. However, global inflation has been peaking to historical highs. India's inflation is 7.41% in September'22 from 7.6% in October'20, whereas US and Europe saw its inflation rising from 1.2% in October'20 to 8.2% in September'22 and from -0.3% in October'20 to 9.1% in August'22 respectively. Sharp correction in commodity prices from their peak such as Brent crude, palm oil, copper etc. will prove to be beneficial to the Indian economy as it will help control inflation better and gradually bring the overall inflation down to the RBI's expected tolerance band of 2%-6%.

Exhibit 14: Inflation has flattened in India



Source: RBI, Angel Research

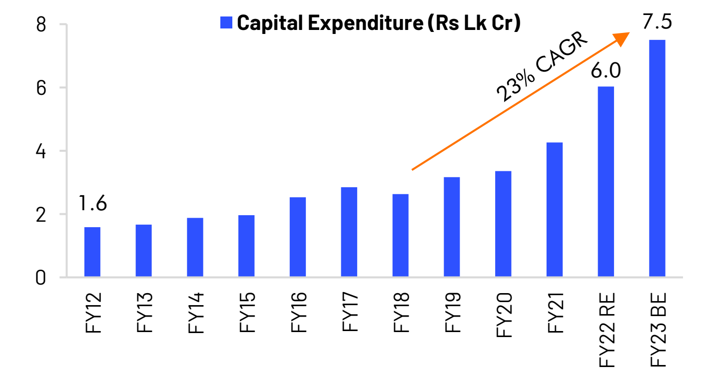
Exhibit 15: Our CAD is in better shape than earlier



Source: RBI, IMF, Angel Research

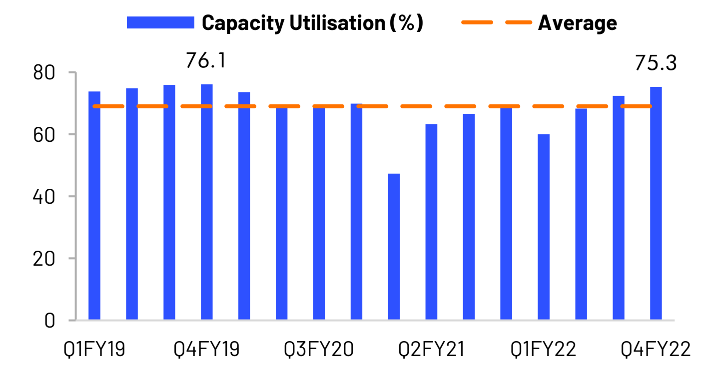
During the 1QFY23, CAD number came ~2.8% mainly due to higher oil prices, currency depreciation, and a higher trade deficit. The CAD is estimated to be at ~3.1% (IMF estimates) of GDP in FY2023E given the elevated energy prices. However, this is much better than our situation in FY2012 & FY13 when the Rupee depreciated by ~22% against the Dollar. Currently, INR depreciation is less than the other currencies on account of stronger macro-fundamentals. In this context, India seems to be in a stronger position with solid reserves, stable FDI inflows, continuous increase in exports and relatively lower inflation.

Exhibit 16: Growth in government capex



Source: Budget Documents, Angel Research

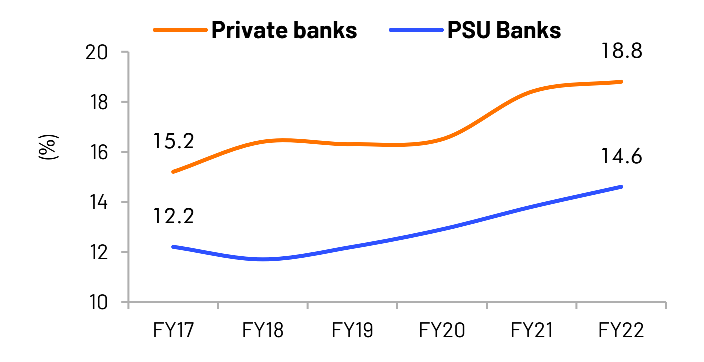
Exhibit 17: CUs are above the recent average



Source: RBI OBICUS, Angel Research

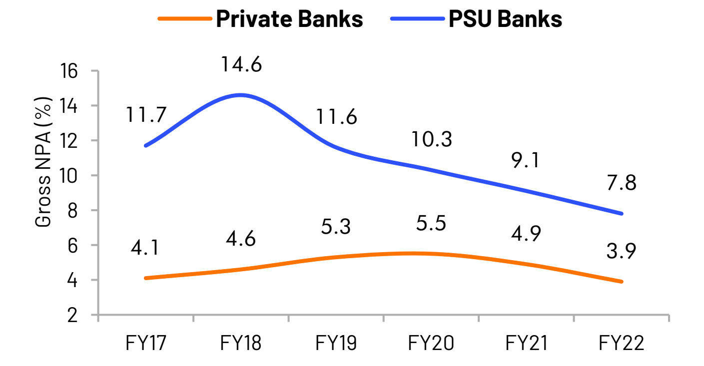
As for private investments, the capacity utilizations have been improving and are likely to further improve in Q1FY23 which should trigger fresh capex. We believe that India is well placed to capitalize on the capex cycle given the improving overall fundamentals. The corporate leverage levels have come off and the banks are in better position owing to adequate capital and improved quality of loan book.

Exhibit 18: Improvement in Capital Adequacy Ratio



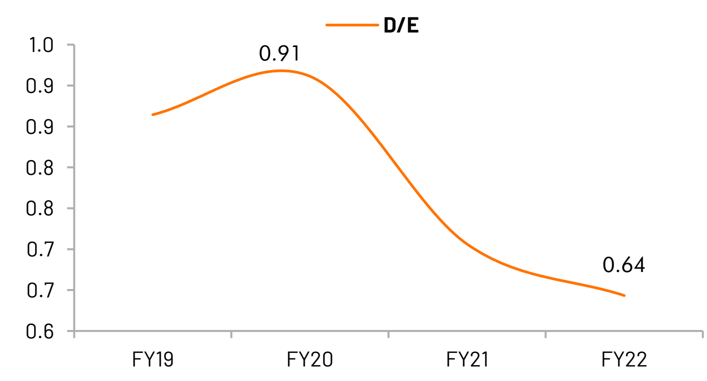
Source: RBI, Angel Research

Exhibit 19: Bank's asset quality has been improving



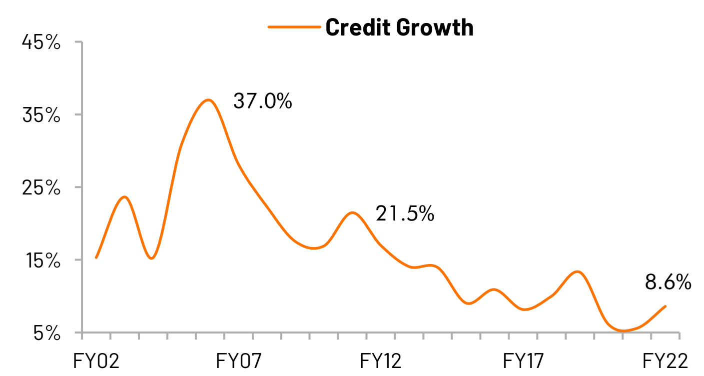
Source: RBI, Angel Research

Exhibit 20: Decline in corporate leverage levels



Source: RBI, Capitaline, Angel Research

Exhibit 21: Bank's asset quality has been improving

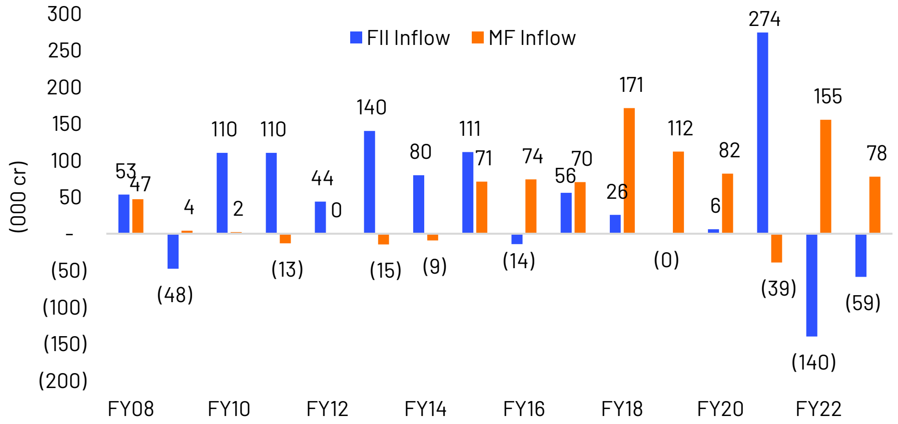


Source: RBI, Angel Research

DIIs & Retail have emerged as a dominant players in the market

We have observed that our markets relative strength compared to previous periods (of heavy selling by FIIs), has been the strength of the MFs and the growing base of direct retail investors. Against the FII selling of `1.4lakh Cr, the MFs bought `1.5 lakh Cr in FY22 whereas for 1HFY23 FII selling was `59k Cr and MFs bought `78K Cr. Strong buying by MFs is supported by the SIP flows which have grown at ~24% CAGR over the last six years. Additionally, the emergence of direct retail participants has been instrumental in lowering our dependence on FIIs.

Exhibit 22: FII & MF inflow trend

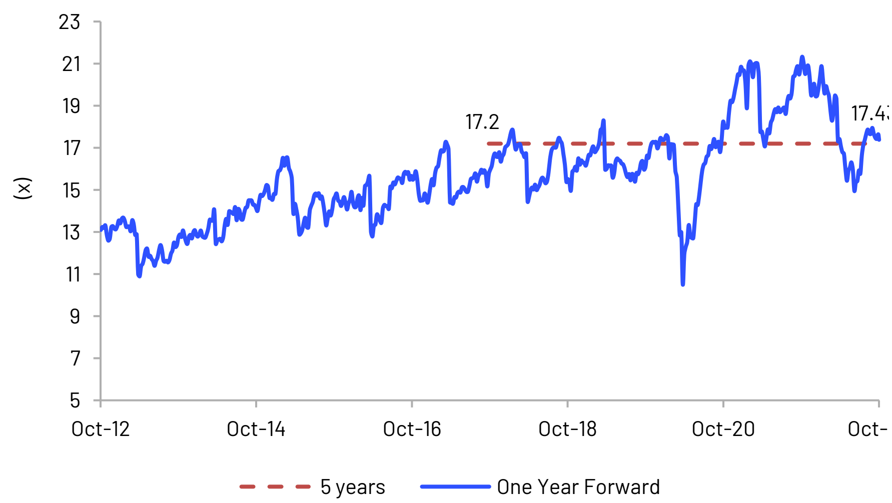


Source: CDSL, AMFI, Angel Research

Nifty PE is trading near its 5-year average

At current levels, the Nifty is trading at a P/E multiple of 17.4x on rolling one-year consensus earnings which are near its 5-year average of 17.2x. We believe that the valuations are reasonable given the current inflationary environment which is leading to aggressive monetary tightening. We are positive on Private Banks, consumption, IT, chemicals, and select cyclical plays.

Exhibit 23: Nifty 1 Year Fwd PE is trading at reasonable levels



Source: Bloomberg, Angel Research

Diwali Picks

Federal Bank

Stock Info

CMP	130
TP	150
Upside	15%
Sector	Banking
Market Cap (₹cr)	26,331
Beta	1.2
52 Week High / Low	130/79

- Federal bank is one of India's largest old generation private sector banks. At the end of Q2 FY2023 the bank had advances of Rs. 1.61 lakh cr. And deposits of Rs 1.89 lakh cr. The bank predominantly has a secured lending book which helped limit asset quality issues during the Covid 19 pandemic.
- Federal Bank has posted a good set of numbers for Q2FY23 as NII, and Advances increased by 19.1%/19.9% YoY. Provisioning for the quarter was up by mere 9% YoY because of which PAT was up by 53% YoY. GNPA and NNPA ratio improved to 2.46% and 0.78% while restructuring remained stable sequentially at 2.4% of advances.
- Overall asset quality for the quarter improved in Q2FY23, which was in line with our expectations. We expect asset quality to improve further in FY2023 given normalization of the economy. We expect the Federal bank to post NII/PPOP/PAT CAGR of 11.3%/17.2%/26.9% between FY2022- 24 and remain positive on the bank

3-Year-Chart

Key Finance

Y/E	NII	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹cr)	(%)	(₹cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2023E	6,750	2.9	2,691	12.8	93.4	1.1	13.5	10.2	1.4
FY2024E	7,390	2.7	3,046	14.4	106.4	1.1	13.4	9.0	1.2

Source: Company, Angel Research

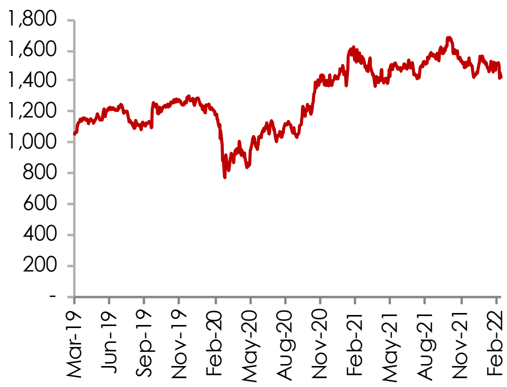
HDFC Bank

Stock Info

CMP	1,441
TP	1,700
Upside	18%
Sector	Banking
Market Cap (₹cr)	776,285
Beta	1.0
52 Week High / Low	1,724/1,272

- HDFC bank is India's largest private sector bank with a loan book of ₹ 14.79 lakh crore in Q2FY2023 and deposit base of ₹ 16.73 lakh crore. The Bank has a very well spread-out book with wholesale constituting ~61% of the asset book while retail accounted for the remaining 39% of the loan book
- Q2FY2023 numbers were in line with expectations due to change in portfolio mix towards corporate which resulted in expansion in NIM by 10bps YoY to 4.1%. The bank posted NII/PPOP growth of 18.9%/10% for the quarter on the back of loan growth of 23.4% YoY.
- While operating numbers were in line with expectations, the bank posted an improvement in asset quality as GNPA/ NNPA reduced by 12/7bps YoY to 1.23% and 0.33% of advances. Credit cost at the end of the quarter stood at 0.87% of advances. Given best in class asset quality, expected rebound in retail credit growth we are positive on the bank given reasonable valuations at 2.4xFY24, adjusted book which is at a discount to historical averages.

3-Year-Chart



Source: Company, Angel Research

Key Finance

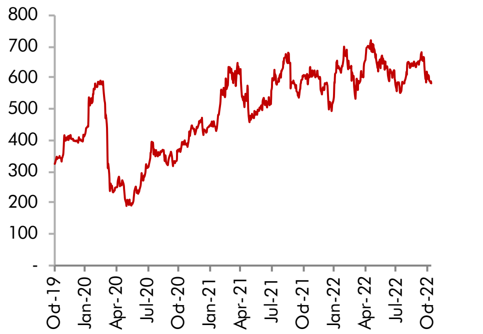
Y/E	NII	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹cr)	(%)	(₹cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2023E	85,056	4.0	41,392	74.5	504	1.8	15.8	19.3	2.9
FY2024E	1,04,640	4.1	50,925	91.7	595	1.9	16.5	15.7	2.4

Source: Company, Angel Research

Stock Info

CMP	601
TP	848
Upside	41%
Sector	NBFC
Market Cap (₹cr)	38,719
Beta	1.2
52 Week High / Low	733/468

3-Year-Chart



Source: Company, Angel Research

AU Small Finance Bank

- AU Small Finance Bank is one of the leading small finance banks with Total Loan AUM of ~50,161 Cr. at the end of Q1FY2023. It has a well-diversified geographical presence across India. AU has a very high exposure to high margin retail business, which accounted for 80% of AUM at the end of Q1FY2023.
- AU continued to report very strong numbers in Q1FY2023 as GNPA/ NNPA reduced by 243/170bps YoY to 1.96% and 0.56% of advances. Restructured advances at the end of the quarter also declined to 2.1% of advances. The bank posted NII growth of 34.8% for the quarter on the back of strong advances growth of 43.3% YoY while NIMs for the quarter stood at 5.9%.
- We expect AU SFB to post robust NII/PPOP/ PAT CAGR of 31.2%/31.9%/38.8% between FY2022-24 on the back of AUM CAGR of 32%. Reducing cost of funds will also help NIM expansion going forward. We believe that the worst is over for the bank and expect continued improvement in asset quality in FY2023, which should lead to a rerating.

Key Finance

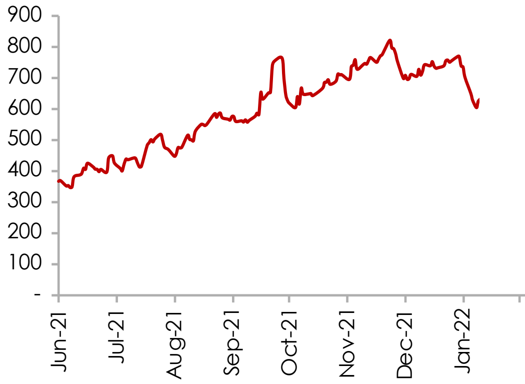
Y/E	NII	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹cr)	(%)	(₹cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2023E	4,370	5.5	1,503	47,7	257.4	1.9	18.2	25.2	4.7
FY2024E	5,445	5.3	1,869	59.4	316.8	1.8	18.8	20.3	3.8

Source: Company, Angel Research

Stock Info

CMP	460
TP	650
Upside	41%
Sector	Auto ancillary
Market Cap (₹cr)	26,918
Beta	1.2
52 Week High / Low	839/453

14-Month-Chart



Source: Company, Angel Research

Sona BLW Precis.

- Sona BLW, one of India's leading automotive technology companies, derives ~50% of its revenues from Battery Electric Vehicles (BEV) and Hybrid Vehicles and stands to benefit from the global electrification trend.
- Sona BLW has a strong positioning in the Indian Differential Gears market across PV, CV, and tractor OEMs and it continues to gain market share globally aided by its combined motor and driveline capabilities. Focus on R&D is yielding results in new product development which is likely to aid further growth.
- Sona BLW continues to add new customers and win new orders and its order book stands at `20,600 Cr which along with its strong financial profile and expected ~43% earnings CAGR over FY22-24E justifies the premium multiples of ~41x FY24E EPS.

Key Finance

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	2,915	26.5	418	7.3	21.1	64.3	14.3	11.5
FY2024E	4,066	29.2	650	11.1	29.7	41.4	12.3	8.2

Source: Company, Angel Research

Stock Info

CMP	224
TP	256
Upside	14%
Sector	Auto ancillary
Market Cap (₹cr)	3,378
Beta	1.1
52 Week High / Low	248/146

3-Year-Chart

Source: Company, Angel Research

Ramakrishna forg.

- Ramkrishna Forgings (RKFL), a leading forging player in India and among a select few having heavy press, stands to benefit from a favorable demand outlook for the Medium & Heavy Commercial Vehicle (M&HCV) industry in domestic and other key geographies in the near term.
- The company has phased out its CAPEX over the past few years during which it was impacted by industry slowdown in certain periods. With the end to the CAPEX cycle, the favorable outlook in the medium term, and sufficient capacity in place, we believe RKFL would be able to post a volume CAGR of 14% over FY22-24E.
- RKFL has been able to add new products which have higher value addition. Better mix along with operating leverage aided ~520 bps YoY improvement in EBITDA margins in FY22 and are expected to sustain going ahead.

Key Finance

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(₹)	(%)	(%)	(x)
FY2023E	2,688	23.5	261	16.3	19.7	13.7	2.0	1.3
FY2023E	3,074	24.1	339	21.2	21.0	10.6	1.6	1.1

Source: Company, Angel Research

Stock Info

CMP	325
TP	485
Upside	49%
Sector	Auto ancillary
Market Cap (₹cr)	4,503
Beta	1.1
52 Week High / Low	478/272

3-Year-Chart

Suprajit Eng.

- Suprajit Engineering (SEL) is the largest supplier of automotive cables to the domestic OEMs with a presence across both 2Ws and PVs. Over the years, SEL has evolved from a single product/client company in India to have a diversified exposure which coupled with its proposition of low-cost player has enabled it to gain market share and more business from existing customers.
- SEL overall has outperformed the Indian Auto industry in recent years aided by market share gains as well as commercialization of new products. The company believes that consolidation of vendors and new client additions would help in maintaining the trend of market/wallet share gains.
- SEL has grown profitably over the years and as a result, it boasts a strong balance sheet (net cash). We believe SEL is a prime beneficiary of a ramp-up in production by OEMs and its newly developed products for EVs would support revenues due to higher kit value. Its premium valuations are justified in our opinion owing to its strong outlook and top-grade quality of earnings.

Key Finance

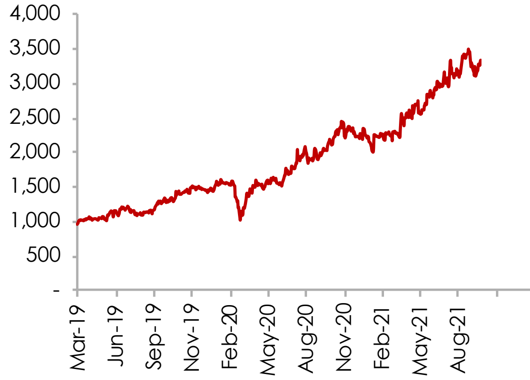
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	2,794	14.4	221	16.0	19.2	20.3	3.7	1.8
FY2024E	3,132	14.8	266	19.2	22.8	16.9	4.1	1.7

Source: Company, Angel Research

Stock Info

CMP	3,017
TP	3,700
Upside	23%
Sector	Chemical
Market Cap (₹cr)	45,401
Beta	0.9
52 Week High / Low	3505/2334

3-Year-Chart



P I Industries

- PI Industries is a leading player in providing Custom synthesis and manufacturing solutions (CSM) to global agrochemical players. The CSM business accounted for over 70% of the company's revenues in FY22 and is expected to be the key growth driver for the company in future.
- The company has been increasing it's share of high margin CSM business driven by strong relationship with global agrochemical players. PI is leveraging its chemistry skill sets and is looking to diversify its CSM portfolio to electronic chemicals, Pharma API, fluoro chemicals, etc. which will help drive business.
- We expect PI Industries to post revenue/PAT CAGR of 17%/24% between FY22-FY24 driven by 20% growth in the CSM business over the next 2-3 years. Moreover, foray into new segments like electronic chemicals and APIs will also help drive growth over next 3-4 years for the company.

Key Finance

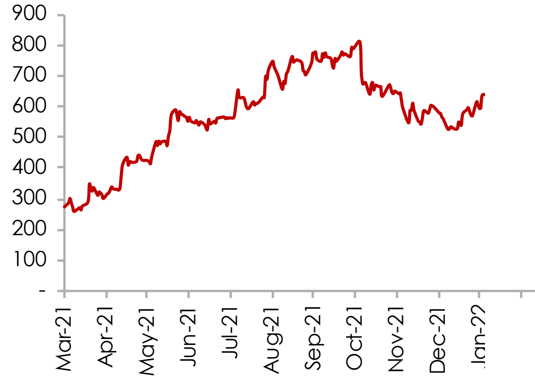
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	6,243	23	1,078	71	16.3	42.6	7.3	8.0
FY2024E	7,269	24	1,300	86	16.9	35.3	6.2	6.8

Source: Company, Angel Research

Stock Info

CMP	529
TP	700
Upside	32%
Sector	Chemical
Market Cap (₹cr)	8,541
Beta	1.6
52 Week High / Low	878/401

16-Months-Chart



Source: Company, Angel Research

Jubilant Ingrev.

- Jubilant Ingrevia was formed by spinning off the chemical and life science ingredients of Jubilant Life Sciences Ltd. The company has a vast array of products across its three divisions and is one of the top two producers of Pyridine - Beta and vitamin B3 globally.
- The company derives 56% of its revenues from the life science chemicals division while the specialty chemicals and nutrition & health solution business account for 28% and 15% of revenues respectively.
- At current levels the stock is trading at P/E multiple of ~10.6xFY24 EPS which is at a significant discount to other chemical companies. Therefore, we believe that there is value in the stock at current levels and hence rate it a BUY.

Key Finance

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	5,738	16.0	532	33.5	20.1	15.8	2.9	1.4
FY2024E	7,600	16.5	791	49.7	24.9	10.6	2.4	1.1

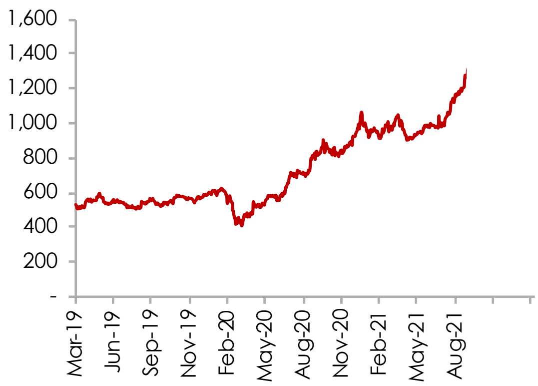
Source: Company, Angel Research

HCL Technologies

Stock Info

CMP	1,002
TP	1,192
Upside	19%
Sector	IT
Market Cap (₹cr)	266,495
Beta	0.9
52 Week High / Low	1359/876

3-Year-Chart



- HCL Tech (HCLT) is amongst the top four IT services companies based out of India and provides a vast gamut of services like ADM, Enterprise solutions, Infrastructure management services, etc.
- IT services grew by 5.3% QoQ CC in Q2FY23 whereas Products de-grew by 7.8% QoQ CC. New deal TCV at USD 2.38bn was up by 6% YoY and included many large deals. Strong deal wins will help drive growth in the services business, which should make up for the continued softness in the product business.
- At CMP, the stock is relatively trading at a discount to the other large-cap IT companies like Infosys and TCS and offers tremendous value at current levels given market leader status in Infrastructure management.

Key Finance

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	98,316	22.0	14,028	52.3	21.9	19.2	4.1	2.4
FY2024E	1,08,179	22.6	16,017	59.6	23.7	16.8	3.8	2.2

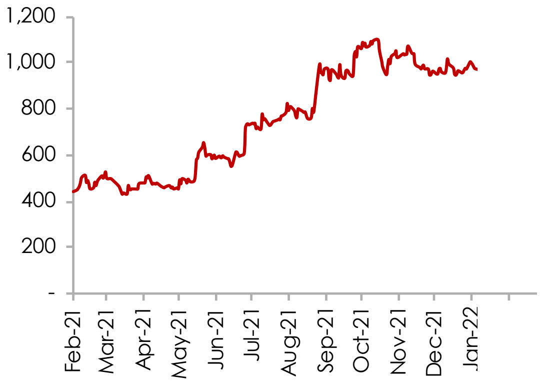
Source: Company, Angel Research

Stove Kraft

Stock Info

CMP	673
TP	805
Upside	20%
Sector	Consumer durables
Market Cap (₹cr)	2,211
Beta	0.7
52 Week High / Low	1135/472

17-Months-Chart



Source: Company, Angel Research

- Stove Kraft Ltd (SKL) is engaged in the business of manufacturing & selling Kitchen & Home appliances products like pressure cookers, LPG stoves, non-stick cookware etc. under the brand name of 'Pigeon' and 'Gilma'.
- In the Pressure Cookers and Cookware segment, over the last two years, the company has outperformed Industry and its peers. Post Covid, organized players are gaining market share from unorganized players which would benefit the player like SKL.
- Going forward, we expect SKL to report healthy top-line & bottom-line growth on the back of new product launches, strong brand name and wide distribution network.

Key Finance

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	1,341	8.4	62.6	19.2	14.7	35.3	5.2	1.7
FY2024E	1,582	9.1	86.0	26.4	16.8	25.7	4.3	1.4

Source: Company, Angel Research

Sobha

Stock Info

CMP	638
TP	850
Upside	33%
Sector	Real estate
Market Cap (₹cr)	6,080
Beta	1.1
52 Week High / Low	1045/480

3-Year-Chart

Source: Company, Angel Research

- Company operates in Residential & Commercial real-estate along with Contractual business. Companies 64% of residential pre-sales come from the Bangalore market, which is one of the IT hubs in India, we expect new hiring by the IT industry will increase residential demand in the South India market.
- Ready to move inventory and under construction inventory levels have moved down to its lowest levels. Customers are now having preference towards the branded players like Sobha Developers.
- Company expected new projects/phase spread over 13.58mn sqft across 10 cities. Majority of launches will be coming from existing land banks. Company having land bank of ~200mn Sqft of salable area.

Key Finance

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	3,050	19.0	210.0	22.3	8.6	28.3	2.2	1.9
FY2024E	3,852	25.0	462.0	48.8	16.2	13.5	1.9	1.7

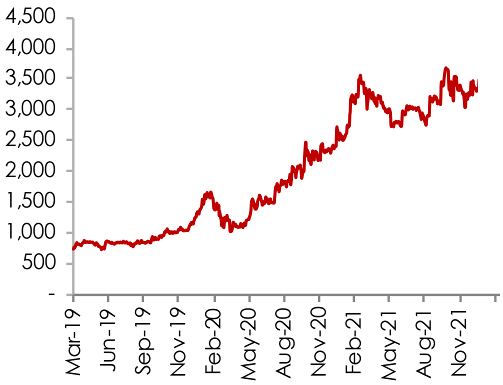
Source: Company, Angel Research

Amber Enterp.

Stock Info

CMP	2,247
TP	3,500
Upside	56%
Sector	Air Conditioner
Market Cap (₹cr)	7,570
Beta	0.8
52 Week High / Low	4,024/2,030

3-Year-Chart



- Amber Enterprises India Ltd. (Amber) is the market leader in the room air conditioners (RAC) outsourced manufacturing space in India. Amber would outperform the industry due to its dominant position in Room AC contract manufacturer, increase in share of business in existing customers and new client additions.
- Amber plans to increase revenues from components (by increasing product offerings, catering to newer geographies, adding new clients) and exports (already started in the Middle east). In the past 2-3 year, Amber has acquired companies like IL JIN Electronics, Ever and Sidwal Refrigeration Industries, which would help in backward integration and also help the company to foray in different segments like railway, metro and defense.
- Going forward, we expect healthy profitability on back of foray into the Commercial AC segment, entry into export markets, participation in the PLI scheme.

Key Finances

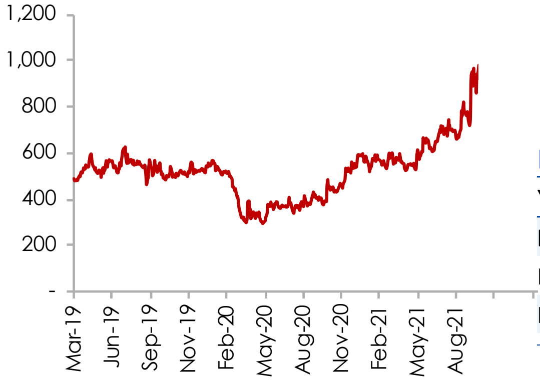
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	5,522	7.4	208	61.8	16.4	36.4	3.9	1.4
FY2024E	6,850	8.0	304	90.2	18.8	24.9	3.7	1.1

Source: Company, Angel Research

Stock Info

CMP	900
TP	1,150
Upside	28%
Sector	Real estate
Market Cap (₹cr)	32,690
Beta	1.4
52 Week High / Low	1,088/726

3-Year-Chart



Oberoi Realty

- Oberoi Realty is a real-estate company, focusing on the MMR region. Company has business vertices of residential and commercial real-estate.
- Company's Borivali mall and Commerz III offices are set to reach an advanced stage of completion in FY23E and we expect the company's rental income to rise significantly as these projects rentals commence from FY24E.
- We have seen good consolidation across India towards top-10 players. The volume upcycle is underway in top 7 cities and pricing upcycle will start soon. These tailwinds along with strong balance sheet are to benefit the company going forward.

Key Finance

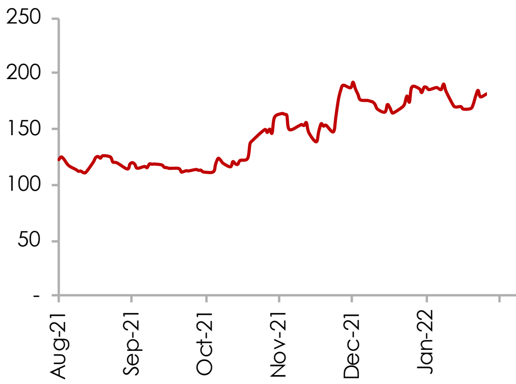
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	3,371	53.3	1,328	36.2	12.9	23.8	2.6	8.6
FY2024E	4,655	56.2	1,719	46.6	13.1	18.5	2.1	7.9

Source: Company, Angel Research

Stock Info

CMP	187
TP	255
Upside	36%
Sector	QSR
Market Cap (₹cr)	22,529
Beta	1.3
52 Week High / Low	215/112

12-Month-Chart



Devyani Intl.

- Devyani International Ltd. (DIL) is Yum! Brands' largest franchisee in India, with more than 1,008 stores including KFC, Pizza Hut and Costa Coffee. Currently, DIL operates 391 KFC stores, 436 Pizza Hut stores, 69 Costa Coffee stores in India and balance stores from other brands and from international locations.
- QSR industry is expected to grow ~23% CAGR over FY20-25 which would benefit the player like DIL. Going ahead, We expect DIL would add 200 stores per annum (at least 3-4 year) which would drive strong revenue growth.
- Lower capex (shifted its strategy to smaller & delivery-focused stores) and improving store-level economics would boost the operating margin going ahead. Going forward, we expect DIL to report strong top-line growth & improvement in operating margins on the back of aggressive store addition, improving store unit economics and strong brand.

Key Finance

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	2,990	23.0	258	2.4	27.3	77.9	23.9	7.9
FY2024E	3,947	23.4	410	3.9	30.3	47.9	16.6	6.0

Source: Company, Angel Research

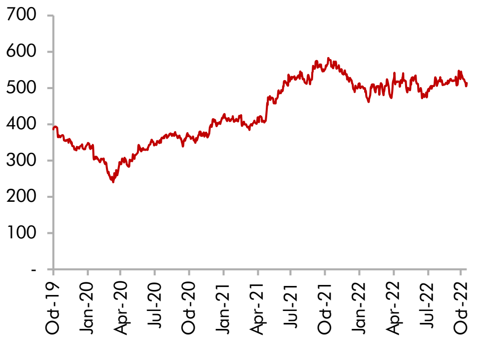
Marico

- Marico is one of the major FMCG companies present in hair oil, edible oil, foods & personal care segment. Major brands include Parachute, Saffola, Nihar, Hair & Care, Set Wet, Livon & Beardo.
- Marico's products have strong brand recall coupled with an extensive distribution reach of more than 5mn outlets and direct reach of ~1 million outlets. Parachut flagship brand gained market share by 170 bps in FY22 & expected to perform better going ahead.
- In the medium term, the company aspires to grow revenue at 13-15% with 8-10% volume growth. Marico has a strong balance sheet along with free cash flow and higher profitability. We expect Marico to report healthy bottom-line CAGR of ~11% over FY2022-24E due to better volume growth on the back of strong brand, wide distribution network.

Stock Info

CMP	512
TP	600
Upside	17%
Sector	FMCG
Market Cap (₹cr)	66,135
Beta	0.7
52 Week High / Low	606/456

3-Year-Chart



Source: Company, Angel Research

Key Finance

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹cr)	(%)	(₹cr)	(₹)	(%)	(x)	(x)	(x)
FY2023E	10,368	17.9	1,287	10.2	30.3	50.1	15.6	6.3
FY2024E	11,301	18.8	1,478	11.7	28.0	43.7	12.5	5.8

Source: Company, Angel Research

Stock bought in last 12 Months

Stock	Date	Reco	Price
Marico	14-Jun-22	BUY	498.00
Devyani Intl.	9-Feb-22	BUY	175.00
Oberoi Realty	7-Jan-22	BUY	922
Jubilant Ingrev.	31-Dec-21	BUY	565
HCL Technologies	20-Dec-21	BUY	1,159
Ramkrishna Forg.	13-Oct-21	BUY	244
Whirlpool India	29-Sep-21	BUY	2,299
Lemon Tree Hotel	23-Sep-21	BUY	43.25
Sobha	22-Sep-21	BUY	729.00
Amber Enterp.	14-Sep-21	BUY	3243.00
P I Industries	9-Sep-21	BUY	3,420

Source: Company, Angel Research

Stock sold in last 12 Months

Stock	Date	Reco	Price
Ashok Leyland	5-Sep-22	EXIT	165
Carborundum Uni.	28-Feb-22	EXIT	813
Safari Inds.	10-Feb-22	EXIT	942.00
Lemon Tree Hotel	17-Dec-21	EXIT	47.25
Shri.City Union.	6-Dec-21	EXIT	2,066
Whirlpool India	3-Nov-21	EXIT	2,074
GNA Axles	19-Oct-21	EXIT	1,076
L & T Infotech	27-Sep-21	EXIT	5,950
Bajaj Electrical	24-Sep-21	EXIT	1,499
Dalmia BharatLtd	22-Sep-21	EXIT	2,143
Crompton Gr. Con	14-Sep-21	EXIT	484.00
Sobha	7-Sep-21	EXIT	780

Source: Company, Angel Research

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