

Union Budget FY23

Budget Picks



Top Picks

Stock	Mkt Cap (Rs. Bln)	Target	Upside (%)	TTM Rev Growth	Rev Growth 3Yr CAGR	TTM Operating Margin %	3Yr Avg Growth EPS (%)	ROE	ROA	P/E		P/B
										TTM	1 Yr Fwd	TTM
Timken India	Rs.233	3475 – 3630	13%-18%	56.20%	13.53%	19.35%	50.32%	21.8%	16.0%	70.8	52.0	14.0
NTPC	Rs.1627.6	185 – 194	10%-15%	17.97%	9.83%	19.71%	8.99%	12.8%	4.1%	9.8	9.6	1.2
SBI Life Insurance	Rs.1297.2	1455 – 1520	12%-17%	-13.74%	29.78%	2.57%	4.33%	14.5%	0.6%	77.4	74.4	10.6
Gokuldas Exports	Rs.22.7	412 – 430	10%-15%	45.67%	17.77%	8.78%	92.43%	23.5%	10.6%	16.2	17.2	3.1
HG Infra Eng	Rs.45.6	765 – 800	11%-16%	41.70%	22.43%	17.34%	44.48%	30.4%	12.7%	11.8	10.9	3.1
Ultratech Cement	Rs.2066.8	7935 – 8300	11%-16%	16.88%	8.30%	17.02%	55.62%	15.5%	8.6%	28.8	37.3	4.1
ABB India	Rs.621.4	3210 – 3360	9%-15%	17.92%	2.28%	7.21%	22.95%	13.6%	6.6%	116.7	93.3	15.4
State Bank of India	Rs.5282	650 – 675	10%-14%	6.80%	6.83%	22.56%	276.59%	13.2%	0.8%	12.8	10.8	1.6
Container Corp	Rs.430.3	780 – 815	11%-15%	15.53%	4.05%	16.98%	22.29%	10.1%	8.3%	40.7	33.7	4.0
M&MFS	Rs.289.8	258 – 270	10%-15%	-6.33%	3.38%	13.02%	-14.52%	7.0%	1.3%	25.4	16.9	1.7
TVS Motor	Rs.461.3	1115 – 1166	15%-20%	25.19%	6.26%	-2.03%	3.71%	18.4%	3.1%	60.9	31.4	10.5

Key Budget expectations

Expansionary or Populist

- The government of India will present its fiscal year 2023-24 (FY24) budget on February 1, 2023. This would be the final full-year budget under the current administration before the national elections in mid 2024.
- Expect Fiscal deficit for FY23 to come in range of 6.2%-6.4% while targeted fiscal deficit for FY24 to be pegged in the range of 5.8%-6%.
- Past trends of Pre-election budgets (FY 09, FY 14, FY 19) suggests several populist measures such as emphasis on improving farm income, enhanced spending on infra and increased rural spending/welfare spending (In FY19 budget welfare spending increased from 8% of total expenditure in past 4 years to 19%, similarly in FY 09 rural spending Increased to 20% from 13% of total expenditure in past 4 years). Pre-election budget trends also indicate decreased spending on defence and other programs to allocate adequate capital to other social welfare projects.
- Government is likely to substantially increase the capital outlay for key infrastructure sectors like roads, railways, sewerage, urban and rural infra to meet the investments under the National Infra pipeline. Roads allocation could go up by 15% to nearl ~ Rs. 2.1 trillion.
- The railways will likely seek significantly higher gross budgetary support (GBS) for FY 23-24 at Rs. 1.8 trillion up from 1.4 trillion YTD spend by Railways for modernization, introduction of new trains, upgradation of stations, electrification, passenger safety and doubling of rail lines.
- Substantial increase in outlay on agri to support farm income. PM Kisan income support scheme, Pradhan Mantri Fasal Bima Yojana, MNREGA likely to witness substantial increase in allocation.
- Government likely to continue to focus on increasing share of renewables by encouraging increased solar power capacity (import exemption) & revamped distribution sector scheme (RDSS) to improve Balance sheet of Discoms.
- PLI Scheme is expected to yet again take center stage with expansion of scope of PLI Scheme to incorporate more industries, allocation of 10,000,12,000 crs for local chip manufacturing & more incentives to local semi conductor manufacturing. Boos to gems and jewellery exports. Financial support and ease of credit to MSMEs.
- Enhanced investment limit under Section 80C to Rs.2.5 lakh from Rs. 1.5 lakhs, Relaxation of tax bracket from 30% to 25% on higher slabs.
- Rationalisation of STT (Securities Transaction Tax) & CTT (commodities transaction tax).
- Rationalisation of food and fertilizer subsidy to 1.2% of GDP in FY24 from 1.7% of GDP in FY23.
- Possible tweak in duration of LTCG tax to bring LTCG tax for all asset class under parity or Possibility of increase in Short-term capital gain tax framework.
- Extension of FAME subsidy (which is set to expire in 2024). FAME subsidy resulted in rising adoption of EV's in India. Incentives for Charging Infrastructure creation.
- Enhanced thrust on housing and infra spending & affordable housing segment.
- Increase in the limit for health insurance under section 80D.

Timken India (TP: 3475 – 3630)

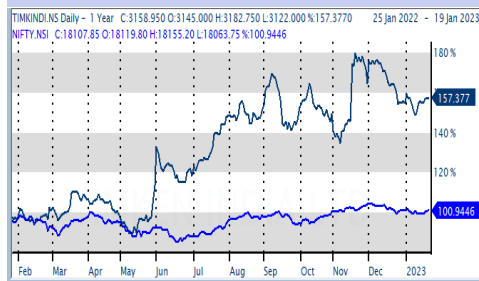
Budget expectation

- The railways will likely seek significantly higher gross budgetary support (GBS) for FY 23-24 at Rs. 1.8 trillion up from 1.4 trillion YTD spend by Railways for modernization, introduction of new trains, upgradation of stations, electrification, passenger safety and doubling of rail lines.

Key Data

Market Cap (bn)	Rs.233 /US\$ 2.92
Share in issue (mn)	75.2
3-mon avg. daily val (mn)	Rs.686.4 / US\$ 8.5
52 week range	Rs.3760 / 1713.35
Sensex/Nifty	60693 / 18023

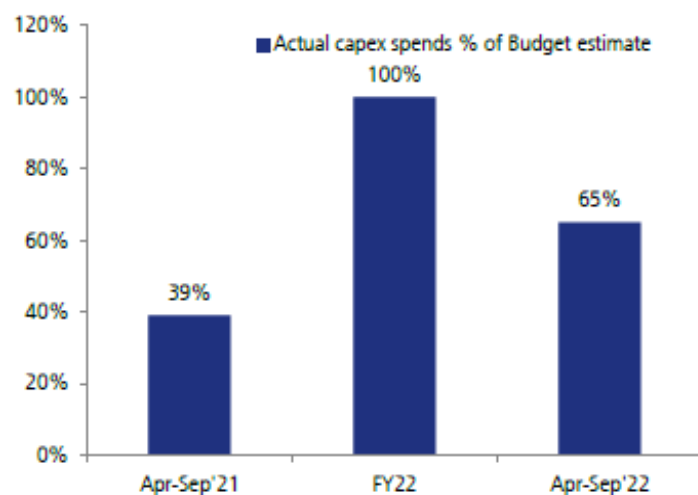
Relative Performance



Investment Thesis

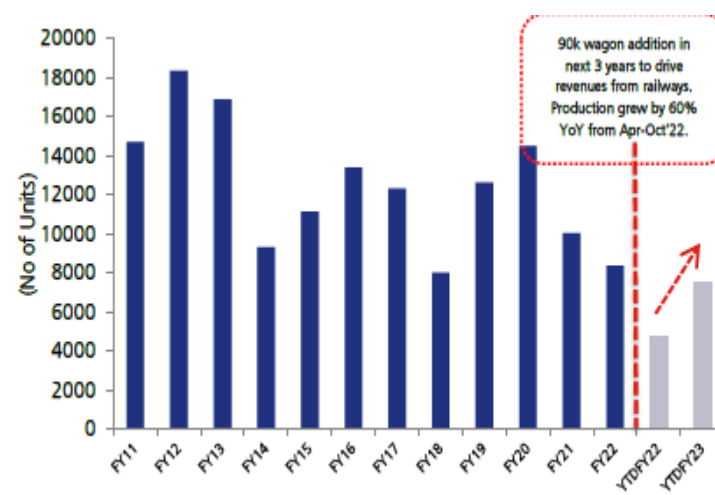
- Timken India is poised to benefit from macro tailwinds in bearings industry such as shift of manufacturing facilities to India, foray into new segments (CRB and SRB) and development of new verticals for growth such as defence & aerospace, F&B and medical equipment exports. Also, we expect the company to gain from a cyclical recovery over FY23-35 in its existing domestic segments i.e. commercial vehicles and railways.
- Timken growth plans over next three to five years, : a) investment of INR6bn over next 24 months to expand its addressable market size including CRBs and SRBs (primarily used in mining, paper pulp and wind) with estimated industry size of INR37bn, b) continued shift of production lines by parent company can open up new vertical like defence & aerospace, food & beverages and medical equipment exports in future, c) large tender of 90,000 wagons by Indian Railways, with additional volumes for DFC corridor and high speed rail rolling stock(Vande Bharat) and d) cyclical uptick in CV volumes.
- Timken enjoys good market share for being one of the technical partner for Indian Railways dedicated freight corridor. Renewed Urban city transport upgradation such as Metro is one more area where Timken products best positioned. We believe earnings growth is expected to accelerate post FY25 as new roller bearings facility is commissioned (capex over FY23- 25 will be 3x vs past 3 years)

Railways actual capex on rising path



Source: Company data, JM Financial

Trend in Wagon Additions



Source: Company data, JM Financial

Financial snapshot – Balance sheet and Income Statement

Income Statement (INR mn)					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Sales	14,105	22,032	28,153	32,200	36,859
Sales Growth	-12.8%	56.2%	27.8%	14.4%	14.5%
Other Operating Income	0	0	0	0	0
Total Revenue	14,105	22,032	28,153	32,200	36,859
Cost of Goods Sold/Op. Exp	7,858	11,941	16,047	18,032	20,272
Personnel Cost	1,193	1,406	1,550	1,757	2,030
Other Expenses	2,536	3,580	4,364	4,991	5,713
EBITDA	2,518	5,107	6,192	7,420	8,844
EBITDA Margin	17.9%	23.2%	22.0%	23.0%	24.0%
EBITDA Growth	-30.7%	102.8%	21.3%	19.8%	19.2%
Depn. & Amort.	749	843	931	1,042	1,205
EBIT	1,769	4,263	5,262	6,378	7,639
Other Income	196	143	429	472	660
Finance Cost	14	24	25	30	30
PBT before Excep. & Forex	1,951	4,382	5,665	6,820	8,269
Excep. & Forex Inc./Loss(-)	0	0	76	0	0
PBT	1,951	4,382	5,741	6,820	8,269
Taxes	519	1,111	1,447	1,719	2,084
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,432	3,271	4,294	5,101	6,185
Adjusted Net Profit	1,432	3,271	4,238	5,101	6,185
Net Margin	10.2%	14.8%	15.1%	15.8%	16.8%
Diluted Share Cap. (mn)	75.2	75.2	75.2	75.2	75.2
Diluted EPS (INR)	19.0	43.5	56.4	67.8	82.2
Diluted EPS Growth	-41.8%	128.5%	29.6%	20.4%	21.3%
Total Dividend + Tax	3,760	113	644	765	928
Dividend Per Share (INR)	50.0	1.5	8.6	10.2	12.3

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Shareholders' Fund	13,435	16,569	20,219	24,555	29,813
Share Capital	752	752	752	752	752
Reserves & Surplus	12,683	15,817	19,467	23,803	29,061
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	327	298	0	0	0
Def. Tax Liab. / Assets (-)	323	280	280	280	280
Total - Equity & Liab.	14,085	17,147	20,499	24,835	30,093
Net Fixed Assets	9,158	8,994	9,563	11,021	12,317
Gross Fixed Assets	9,465	10,603	12,103	14,603	17,103
Intangible Assets	1,813	1,813	1,813	1,813	1,813
Less: Depn. & Amort.	3,095	3,917	4,848	5,889	7,094
Capital WIP	975	495	495	495	495
Investments	1	1,093	1,093	1,093	1,093
Current Assets	9,727	11,851	16,940	20,837	25,974
Inventories	3,687	5,585	6,942	7,499	8,584
Sundry Debtors	3,713	5,388	6,942	7,940	9,088
Cash & Bank Balances	1,742	182	1,899	4,075	6,787
Loans & Advances	584	697	1,157	1,323	1,515
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	4,800	4,791	7,096	8,116	9,290
Current Liabilities	3,355	3,285	4,628	5,293	6,059
Provisions & Others	1,446	1,505	2,468	2,823	3,231
Net Current Assets	4,927	7,060	9,843	12,721	16,683
Total - Assets	14,085	17,147	20,499	24,835	30,093

Source: Company, JM Financial

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Cash Flow Statement					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Profit before Tax	1,951	2,131	5,665	6,820	8,269
Depn. & Amort.	749	843	931	1,042	1,205
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-245	-3,681	-1,066	-701	-1,251
Others	0	2,177	76	0	0
Taxes Paid	-573	-1,140	-1,447	-1,719	-2,084
Operating Cash Flow	1,881	329	4,159	5,442	6,139
Capex	-775	-799	-1,500	-2,500	-2,500
Free Cash Flow	1,106	-470	2,659	2,942	3,639
Inc (-) / Dec in Investments	88	38	0	0	0
Others	0	0	0	0	0
Investing Cash Flow	-687	-761	-1,500	-2,500	-2,500
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-3,760	-113	-644	-765	-928
Inc / Dec (-) in Loans	-27	-24	-298	0	0
Others	163	-15	0	0	0
Financing Cash Flow	-3,624	-153	-942	-765	-928
Inc / Dec (-) in Cash	-2,431	-585	1,717	2,177	2,711
Opening Cash Balance	4,173	1,748	182	1,899	4,075
Closing Cash Balance	1,742	1,163	1,899	4,075	6,787

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Margin	10.2%	14.8%	15.1%	15.8%	16.8%
Asset Turnover (x)	0.9	1.4	1.5	1.4	1.3
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	9.8%	21.8%	23.0%	22.8%	22.8%

Key Ratios					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
BV/Share (INR)	178.6	220.3	268.8	326.5	396.4
ROIC	11.0%	23.1%	24.0%	26.1%	27.7%
ROE	9.8%	21.8%	23.0%	22.8%	22.8%
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.2	-0.3
P/E (x)	173.7	76.0	58.7	48.7	40.2
P/B (x)	18.5	15.0	12.3	10.1	8.3
EV/EBITDA (x)	97.9	48.4	39.6	32.7	27.1
EV/Sales (x)	17.5	11.2	8.7	7.5	6.5
Debtor days	96	89	90	90	90
Inventory days	95	93	90	85	85
Creditor days	106	71	77	78	79

Source: Company, JM Financial

NTPC (TP: 185 – 194)

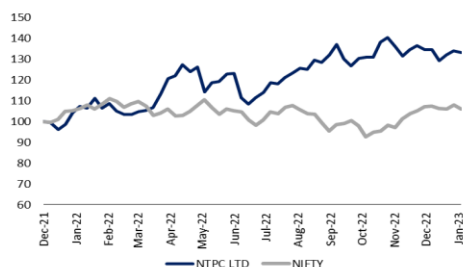
Budget expectation

- Measures to support the growth of renewable energy (RE), including strengthening the transmission infrastructure. With India's net zero emission target by 2070, Renewables (Green Hydrogen/Ammonia/ Solar/ Wind/Biofuels) technologies will be on the radar. The PLI scheme to incentivise the manufacturing of grid scale battery storage and manufacturing electrolyzers to produce green hydrogen.

Key Data

Market Cap (bn)	Rs.1627.6 / US\$ 20.1
Share in issue (mn)	9696.67
3-mon avg. daily val (mn)	Rs.1989.9 / US\$ 24.5
52 week range	Rs.182.95 / 123.65
Sensex/Nifty	60693 / 18023

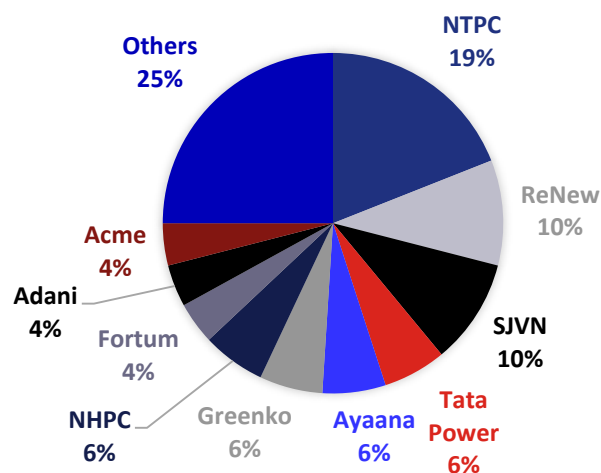
Relative Performance



Investment Thesis

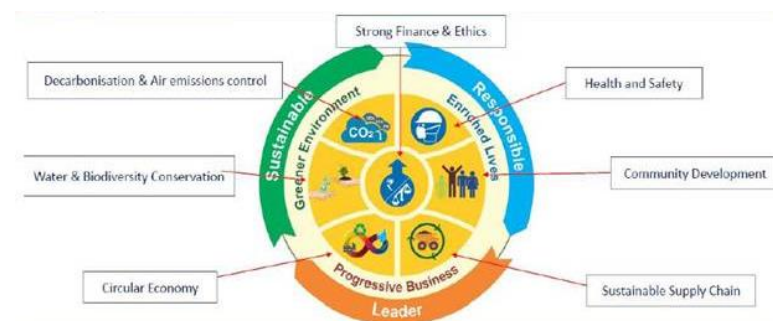
- NTPC is leading the energy transition with different strategies like renewables, GH2 and a focus on cleaning conventional businesses as part of its ESG focus
- NTPC has 2000 MW commercialised renewable capacity while ~5000 MW is under construction. Capacity addition to be around 13 GW in FY24-25. The company expects to spend ~40% of total capex planned for FY23, FY24 on renewable projects
- We see NTPC as a key play on India's entry into the global green hydrogen (GH2) market following the government's launch of its National Hydrogen Mission (NHM) with two rounds of incentives (US\$2.4bn) to jump-start the ecosystem.
- NTPC aims to lead GH2, via a circular economy and plans to allocate 10%-15% of its RE capacity to GH2.
- NTPC's thermal business overdue receivables are down sharply and profitability of JVs is rising sharply, which combined with capacity addition is driving higher FCF yield
- With strong focus on alternate energy spectrum, we believe NTPC may be able to break the underperformance of the last decade and witness a rerating coupled with monetisation of the renewable energy arm in FY23E

India: market share in renewable awards via competitive bids (FY22)



Source: Company data, JM Financial

NTPC: Brighter Plan 2032



Source: Company data, JM Financial

Financial snapshot – Balance sheet and Income Statement

Income Statement					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Sales	1,115,312	1,326,693	1,484,015	1,602,598	1,731,271
Sales Growth	1.9%	19.0%	11.9%	8.0%	8.0%
Other Operating Income	0	0	0	0	0
Total Revenue	1,115,312	1,326,693	1,484,015	1,602,598	1,731,271
Cost of Goods Sold/Op. Exp	611,487	753,377	879,035	942,493	1,041,021
Personnel Cost	59,539	63,101	67,040	70,882	75,486
Other Expenses	104,547	107,420	120,205	129,810	140,233
EBITDA	339,738	402,796	417,735	459,412	474,531
EBITDA Margin	30.5%	30.4%	28.1%	28.7%	27.4%
EBITDA Growth	7.7%	18.6%	3.7%	10.0%	3.3%
Depn. & Amort.	124,503	137,878	138,656	140,293	145,060
EBIT	215,235	264,917	279,078	319,119	329,471
Other Income	40,157	23,250	20,000	22,500	25,000
Finance Cost	92,241	93,160	101,572	105,537	105,259
PBT before Excep. & Forex	163,151	195,008	197,506	236,082	249,212
Excep. & Forex Inc./Loss(-)	19,032	14,865	14,865	14,865	14,865
PBT	182,183	209,873	212,371	250,947	264,077
Taxes	24,205	50,471	49,712	59,422	62,727
Extraordinary Inc./Loss(-)	-15,122	0	0	0	0
Assoc. Profit/Min. Int.(-)	10,186	13,045	13,045	13,045	13,045
Reported Net Profit	146,346	166,759	170,016	198,882	208,707
Adjusted Net Profit	164,816	169,603	172,860	201,726	211,551
Net Margin	14.8%	12.8%	11.6%	12.6%	12.2%
Diluted Share Cap. (mn)	9,696.7	9,696.7	9,696.7	9,696.7	9,696.7
Diluted EPS (INR)	17.0	17.5	17.8	20.8	21.8
Diluted EPS Growth	41.3%	2.9%	1.9%	16.7%	4.9%
Total Dividend + Tax	57,784	71,069	72,601	84,725	88,852
Dividend Per Share (INR)	6.0	7.3	7.5	8.7	9.2

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Shareholders' Fund	1,257,385	1,353,737	1,455,528	1,584,653	1,711,479
Share Capital	96,967	96,967	96,967	96,967	96,967
Reserves & Surplus	1,160,418	1,256,771	1,358,561	1,487,686	1,614,513
Preference Share Capital	0	0	0	0	0
Minority Interest	35,237	37,604	37,604	37,604	37,604
Total Loans	1,813,520	1,829,185	1,846,763	1,918,860	1,913,801
Def. Tax Liab. / Assets (-)	98,878	109,517	109,517	109,517	109,517
Total - Equity & Liab.	3,205,020	3,330,043	3,449,412	3,650,634	3,772,401
Net Fixed Assets	3,000,022	3,153,690	3,194,384	3,321,891	3,296,941
Gross Fixed Assets	2,726,937	3,081,252	3,100,032	3,293,994	3,617,869
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	700,957	837,814	976,471	1,116,764	1,261,824
Capital WIP	974,042	910,252	1,070,823	1,144,661	940,896
Investments	108,383	113,066	113,066	113,066	113,066
Current Assets	880,472	898,412	987,393	1,066,276	1,218,244
Inventories	98,096	101,393	125,508	139,998	152,393
Sundry Debtors	281,998	273,421	296,682	311,663	327,196
Cash & Bank Balances	43,878	44,581	86,184	135,598	259,637
Loans & Advances	0	0	0	0	0
Other Current Assets	456,499	479,018	479,018	479,018	479,018
Current Liab. & Prov.	783,856	835,124	845,431	850,599	855,850
Current Liabilities	142,022	159,190	169,497	174,665	179,916
Provisions & Others	641,834	675,934	675,934	675,934	675,934
Net Current Assets	96,616	63,288	141,962	215,677	362,394
Total - Assets	3,205,020	3,330,043	3,449,412	3,650,634	3,772,401

Source: Company, JM Financial

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Cash Flow Statement					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Profit before Tax	192,896	223,114	215,418	253,994	267,124
Depn. & Amort.	124,503	137,878	138,656	140,293	145,060
Net Interest Exp. / Inc. (-)	57,724	79,466	101,572	105,537	105,259
Inc (-) / Dec in WCap.	8,286	19,141	-11,967	17,475	13,604
Others	-28,286	-20,986	-20,000	-22,500	-25,000
Taxes Paid	-30,683	-20,731	-49,712	-59,422	-62,727
Operating Cash Flow	324,441	417,882	373,967	435,378	443,320
Capex	-232,820	-243,309	-179,351	-267,800	-120,110
Free Cash Flow	91,621	174,573	194,616	167,578	323,209
Inc (-) / Dec in Investments	-5,000	5,000	0	0	0
Others	27,475	9,927	0	0	0
Investing Cash Flow	-210,345	-228,382	-179,351	-267,800	-120,110
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-57,784	-71,069	-72,601	-84,725	-88,852
Inc / Dec (-) in Loans	108,575	7,234	17,578	72,097	-5,059
Others	-161,282	-127,880	-97,989	-105,537	-105,259
Financing Cash Flow	-110,491	-191,716	-153,013	-118,165	-199,170
Inc / Dec (-) in Cash	3,605	-2,216	41,604	49,413	124,040
Opening Cash Balance	40,273	46,797	44,581	86,184	135,598
Closing Cash Balance	43,878	44,581	86,184	135,598	259,637

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Margin	14.8%	12.8%	11.6%	12.6%	12.2%
Asset Turnover (x)	0.3	0.3	0.4	0.4	0.4
Leverage Factor (x)	3.2	3.1	3.0	2.9	2.8
RoE	13.5%	13.0%	12.3%	13.3%	12.8%

Key Ratios					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
BV/Share (INR)	129.7	139.6	150.1	163.4	176.5
ROIC	6.4%	6.7%	6.9%	7.6%	7.6%
ROE	13.5%	13.0%	12.3%	13.3%	12.8%
Net Debt/Equity (x)	1.4	1.3	1.2	1.1	1.0
P/E (x)	9.9	9.7	9.5	8.1	7.7
P/B (x)	1.3	1.2	1.1	1.0	1.0
EV/EBITDA (x)	10.1	8.6	8.2	7.5	7.0
EV/Sales (x)	3.1	2.6	2.3	2.2	1.9
Debtor days	92	75	73	71	69
Inventory days	32	28	31	32	32
Creditor days	41	45	41	40	38

Source: Company, JM Financial

SBI Life (TP: 1455 – 1520)

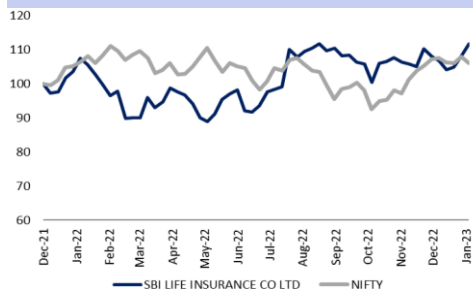
Budget expectation

- Composite license for insurance companies will help life insurance players to manufacture an indemnity health product.
- Tax incentives to promote and increase penetration of insurance products.
- Budget may also permit insurance companies to distribute other financial products which so far they are not allowed to. This will provide additional revenue stream from companies.

Key Data

Market Cap (bn)	Rs.1297.2 / US\$ 16
Share in issue (mn)	1000.83
3-mon avg. daily val (mn)	Rs.1215 / US\$ 15
52 week range	Rs.1340.35 / 1003
Sensex/Nifty	60693 / 18023

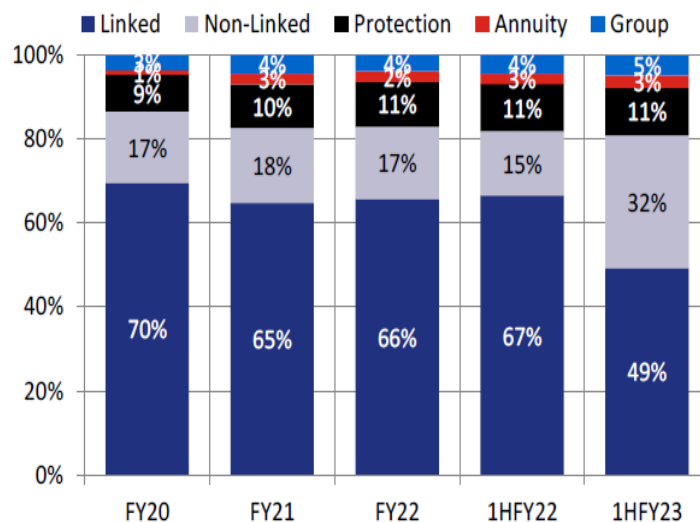
Relative Performance



Investment Thesis

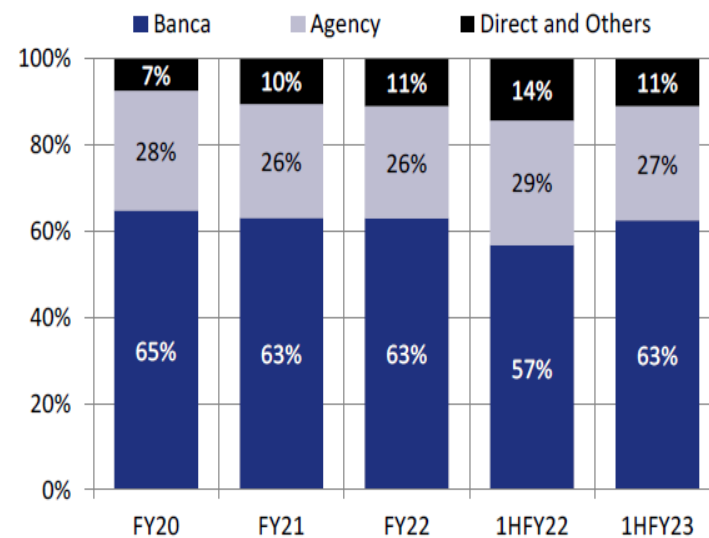
- India's life insurance sector is poised to deliver healthy return ratios driven by recovery in topline growth (NBP expected to grow at 1718% CAGR over next 4-5 years), 200-250bps expected improvement in VNB margins (driven by improving product mix and cost controls) and regulatory push to reduce insurance under penetration in India.
- SBI Life is India's second-largest life insurer (largest among private players), with 14.0% (11.6% in FY20) APE market share of the total industry and 25.0% (vs. 22.9% in FY20) APE share among private insurers. SBI Life reported the highest APE growth among listed players in FY20-22 (16% CAGR), even higher than growth for private players and industry (15% CAGR and 9% CAGR respectively) during the same period. SBI Life was able to achieve this industry leading APE growth on the back of its solid brand equity, strong distribution aided by SBI's (with which it has exclusive banca agreement) widespread branch network, improving agency productivity, and diversifying product mix. We expect SBI Life's APE to grow at 20% CAGR over FY22-25E.
- With significant brand equity, an expansive multi-channel distribution network, most cost-efficient model in the industry and huge client base of its parent that can be leveraged further, SBI Life is well-placed for strong profitable growth. SBI Life is currently trading at a valuation of 2.3x FY24E EV, and we expect a material rerating, going ahead.

SBI Life: APE – product mix



Source: Company data, JM Financial

SBI Life: Distribution mix



Source: Company data, JM Financial

Financial snapshot – Balance sheet and Income Statement

Technical Statement	(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Gross premiums	502,542	587,596	684,878	793,385	916,338
Net premiums	497,683	584,323	678,256	785,714	907,478
Investment income	314,560	235,680	285,535	303,845	318,749
Other Income	8,606	10,270	522	605	699
Total Income	820,849	830,272	964,313	1,090,164	1,226,926
Commissions	-17,425	-20,841	-23,971	-27,768	-32,072
Operating expenses	-65,032	-80,516	-91,710	-106,437	-123,202
Total expenses	-47,607	-59,675	-67,740	-78,669	-91,131
Benefits paid	-215,826	-313,398	-338,777	-406,564	-479,562
Change in valuation of life reserves	-539,342	-437,619	-544,055	-585,724	-630,911
Total Benefits	-755,168	-751,017	-882,832	-992,288	-1,110,473
Surplus/(Deficit) for the year	18,074	19,580	13,742	19,207	25,323

Source: Company, JM Financial

Balance Sheet	(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Shareholders' Investments	86,047	99,107	119,380	144,580	178,052
Total Policyholders' Investments	2,101,515	2,539,133	3,083,188	3,668,913	4,299,824
Loans	3,581	3,581	3,581	3,581	3,581
Fixed assets	5,654	5,654	5,654	5,654	5,654
Net current Assets / (Liab)	29,124	26,047	26,047	26,047	26,047
Debit Balance in P&L	0	0	0	0	0
Total Assets	2,225,921	2,673,522	3,237,850	3,848,774	4,513,158
Borrowings	0	0	0	0	0
Total Policyholders' Funds	2,113,493	2,551,112	3,095,167	3,680,891	4,311,803
FFA	8,423	8,423	8,423	8,423	8,423
Total Liabilities	2,121,916	2,559,535	3,103,590	3,689,315	4,320,226
Share Capital	10,001	10,001	10,001	10,001	10,001
Reserves and surplus	90,926	103,986	124,259	149,459	182,932
Fair Value Change Account	3,077	0	0	0	0
Shareholder's equity	104,004	113,987	134,260	159,460	192,932

Source: Company, JM Financial

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Shareholder's Statement					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Transfer from the Policyholders' Account	16,788	17,324	13,742	19,207	25,323
Investment income	6,885	9,831	10,924	10,558	12,905
Other income	63	54	54	54	54
Total income	23,736	27,208	24,719	29,819	38,281
Operating expenses	-63	-1,779	-1,936	-2,109	-2,299
Contribution to the policyholders A/C	-8,248	-9,822	0	0	0
Profit before tax	15,425	15,608	22,783	27,710	35,982
Tax	-866	-548	-10	-10	-10
Profit after tax	14,559	15,060	22,773	27,700	35,972

Source: Company, JM Financial

EV movement					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Opening EV	276,400	345,889	395,989	464,518	572,094
NBV	26,600	37,000	53,210	65,946	79,721
Discount unwind	21,667	27,300	29,699	34,839	42,907
Operating variance	6,300	-7,700	0	0	0
Non-operating variance / assumption change	23,200	-4,500	-11,880	9,290	11,442
Shareholders dividends	0	-2,000	0	0	-2,200
Capital injection	80	-7,300	0	16,600	0
Closing EV	345,889	395,989	464,518	572,094	703,664
Operating RoEV	19.7%	16.4%	20.9%	21.7%	21.4%

Source: Company, JM Financial

Key Ratios					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
NBV	26,600	37,000	53,210	65,946	79,721
NBV growth	20%	39%	44%	24%	21%
Reported NBV margin	23.2%	25.9%	30.5%	31.5%	32.0%
New business premium	206,242	254,574	310,580	372,696	443,508
- Growth	24%	23%	22%	20%	19%
APE	114,500	143,000	174,460	209,352	249,129
- Growth	7%	25%	22%	20%	19%
Opex (ex-comm) ratio	3.5%	3.5%	3.5%	3.5%	3.5%
Commissions ratio	4.9%	5.1%	5.1%	5.1%	5.1%

Source: Company, JM Financial

Gokaldas Exports (TP: 412 – 430)

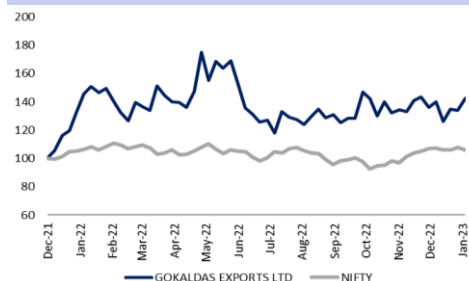
Budget expectation

- Modification in PLI scheme including home textiles, cotton and other value chains. Currently PLI is only for man-made textile and technical textiles. Incentive to encourage use of renewable power and eco-friendly technologies for the textiles sector.

Key Data

Market Cap (bn)	Rs.22.7 / US\$ 0.3
Share in issue (mn)	60.58
3-mon avg. daily val (mn)	Rs. 113.4 / US\$ 1.4
52 week range	Rs. 519.9 / 301.1
Sensex/Nifty	60693 / 18023

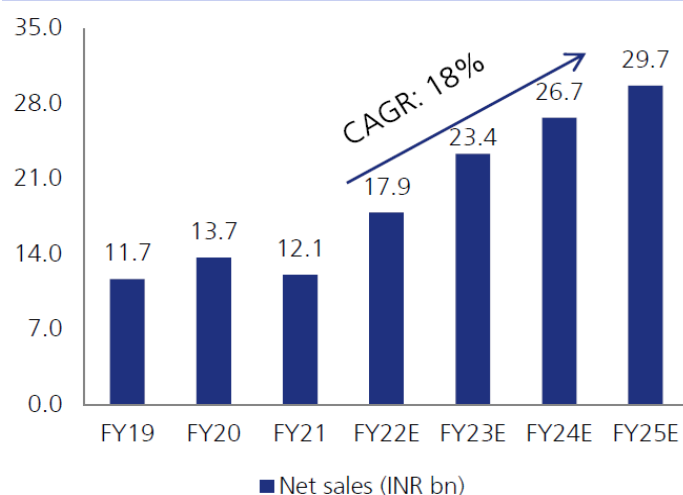
Relative Performance



Investment Thesis

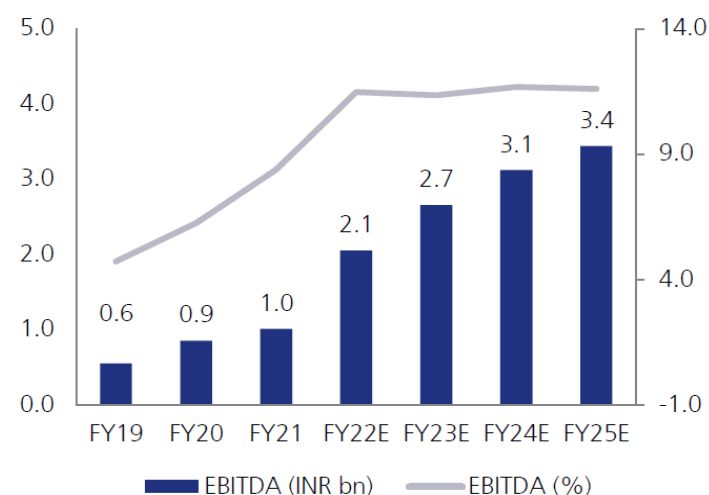
- India's RMG exports for the period Apr-Sep22 stood at USD 8.2bn, registering a growth of 11.4% YoY despite various constraints being faced, such as increased prices of raw material, Russia-Ukraine war and sluggish demand in major garment importing countries. The company's growth capex of INR3.7bn over FY22-24 will ensure strong double digit growth CAGR in revenues. Increasing scale / focus on cost optimization will improve margins further.
- Gokaldas Exports has undergone a successful turnaround in operations post change in management. The company ensured continuous engagement and rigorous execution to regain the confidence of customers for a sustainable growth. The company also improved its operational excellence by bringing in specialised resources for specific functions with exposure to global customers and markets. Further, the company upgraded their business infrastructure by investing significantly in modernisation of machinery to meet global standards of productivity.
- The company's capex plan is progressing well with the unit in Madhya Pradesh expected to come on stream this financial year and knits fabric processing unit in the next financial year. FTAs with UK/EU over time are likely to increase the addressable market size further over time and we believe Gokaldas Exports is best positioned to capture this opportunity.
- Gokaldas Exports is well placed to ride the growth in India's apparel sector after regaining the confidence of global retailers (GAP, Columbia & Banana Republic). The company's growth capex of INR3.7bn over FY22-24 will ensure strong double digit growth CAGR in revenues. Increasing scale / focus on cost optimization will further improve margins.

Revenues expected to grow at 18% CAGR over FY22-25E



Source: Company, JM Financial

Gokaldas Exports boast healthy margins



Source: Company, JM Financial

Financial snapshot – Balance sheet and Income Statement

Income Statement					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Sales	12,107	17,903	23,388	26,731	29,715
Sales Growth	-11.7%	47.9%	30.6%	14.3%	11.2%
Other Operating Income	0	0	0	0	0
Total Revenue	12,107	17,903	23,388	26,731	29,715
Cost of Goods Sold/Op. Exp	6,050	8,882	12,342	14,162	15,552
Personnel Cost	3,716	5,388	6,753	7,393	8,450
Other Expenses	1,326	1,578	1,638	2,053	2,265
EBITDA	1,015	2,055	2,655	3,122	3,447
EBITDA Margin	8.4%	11.5%	11.4%	11.7%	11.6%
EBITDA Growth	18.3%	102.5%	29.2%	17.6%	10.4%
Depn. & Amort.	526	589	743	933	1,120
EBIT	489	1,466	1,912	2,189	2,328
Other Income	122	107	105	110	110
Finance Cost	345	402	222	209	18
PBT before Excep. & Forex	266	1,170	1,796	2,091	2,420
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	266	1,170	1,796	2,091	2,420
Taxes	1	-1	413	523	605
Extraordinary Inc./Loss(-)	0	0	80	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	265	1,171	1,463	1,568	1,815
Adjusted Net Profit	265	1,053	1,383	1,568	1,815
Net Margin	2.2%	5.9%	5.9%	5.9%	6.1%
Diluted Share Cap. (mn)	62.0	62.0	62.0	62.0	62.0
Diluted EPS (INR)	4.3	17.0	22.3	25.3	29.3
Diluted EPS Growth	153.4%	297.5%	31.3%	13.4%	15.7%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Shareholders' Fund	2,901	7,082	8,784	10,655	12,772
Share Capital	214	295	300	305	310
Reserves & Surplus	2,686	6,787	8,485	10,350	12,462
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	4,521	1,930	1,480	1,730	1,130
Def. Tax Liab. / Assets (-)	-68	-118	-118	-118	-118
Total - Equity & Liab.	7,353	8,894	10,147	12,267	13,784
Net Fixed Assets	2,374	2,989	4,107	4,634	4,574
Gross Fixed Assets	3,960	5,054	5,714	7,174	8,234
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	1,586	2,175	2,918	3,851	4,971
Capital WIP	0	110	1,310	1,310	1,310
Investments	1,839	1,545	1,545	1,545	1,545
Current Assets	5,618	7,461	7,554	10,404	12,250
Inventories	2,592	4,336	4,165	5,493	6,106
Sundry Debtors	1,798	922	961	2,197	4,070
Cash & Bank Balances	153	127	352	638	-2
Loans & Advances	1,075	2,076	2,076	2,076	2,076
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	2,478	3,101	3,058	4,315	4,585
Current Liabilities	1,117	1,178	1,136	2,393	2,663
Provisions & Others	1,361	1,922	1,922	1,922	1,922
Net Current Assets	3,141	4,360	4,496	6,089	7,666
Total - Assets	7,353	8,894	10,147	12,267	13,784

Source: Company, JM Financial

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Cash Flow Statement					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Profit before Tax	266	1,170	1,796	2,091	2,420
Depn. & Amort.	526	589	743	933	1,120
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	1,502	-1,245	90	-1,306	-2,217
Others	0	0	80	0	0
Taxes Paid	-1	1	-413	-523	-605
Operating Cash Flow	2,293	515	2,295	1,194	718
Capex	-1,168	-840	-1,600	-1,200	-200
Free Cash Flow	1,125	-325	695	-6	518
Inc (-) / Dec in Investments	-1,484	294	0	0	0
Others	329	2,515	-25	37	0
Investing Cash Flow	-2,323	1,969	-1,625	-1,163	-200
Inc / Dec (-) in Capital	0	80	5	5	5
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	59	-2,590	-450	250	-600
Others	0	0	0	0	-563
Financing Cash Flow	60	-2,510	-445	255	-1,158
Inc / Dec (-) in Cash	30	-26	225	286	-640
Opening Cash Balance	123	153	127	352	638
Closing Cash Balance	153	127	352	638	-2

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Margin	2.2%	5.9%	5.9%	5.9%	6.1%
Asset Turnover (x)	1.7	2.2	2.5	2.4	2.3
Leverage Factor (x)	2.7	1.6	1.2	1.2	1.1
RoE	10.3%	21.1%	17.4%	16.1%	15.5%

Key Ratios					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
BV/Share (INR)	46.8	114.3	141.7	171.9	206.1
ROIC	8.3%	23.0%	18.8%	17.7%	15.5%
ROE	10.3%	21.1%	17.4%	16.1%	15.5%
Net Debt/Equity (x)	0.9	0.0	0.0	0.0	0.0
P/E (x)	87.0	21.9	16.7	14.7	12.7
P/B (x)	7.9	3.3	2.6	2.2	1.8
EV/EBITDA (x)	25.2	11.3	8.5	7.2	6.6
EV/Sales (x)	2.1	1.3	1.0	0.8	0.8
Debtor days	54	19	15	30	50
Inventory days	78	88	65	75	75
Creditor days	37	27	20	37	37

Source: Company, JM Financial

HG Infra (TP: 765 – 800)

Budget expectation

- Government thrust on expanding national highways and higher infra capex through various schemes such as Bharatmala & Smart cities program.
- Likelihood of NIP (National Infra Pipeline) to have a separate funding body will intensify the 100 trillion of targeted infra spending.
- Enhanced focused on Railways capex with focus on modernization of rail infra in the Country.

Key Data

Market Cap (bn)	Rs.45.6 / US\$ 0.6
Share in issue (mn)	65.17
3-mon avg. daily val (mn)	Rs.112.8 / US\$ 1.4
52 week range	Rs.721.95 / 481
Sensex/Nifty	60693 / 18023

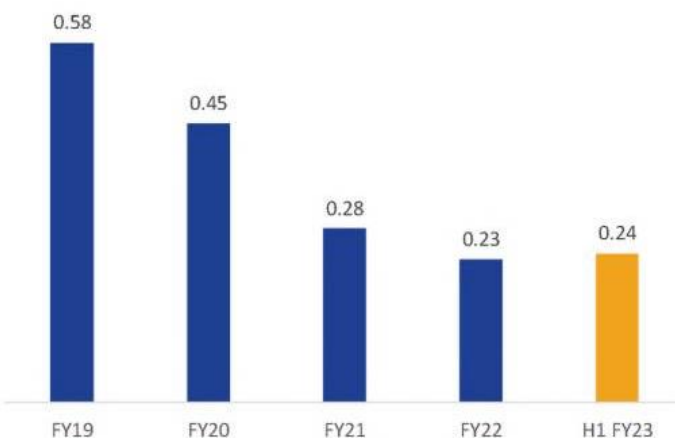
Relative Performance



Investment Thesis

- H.G. Infra Engineering Limited (HGIEL) is an Indian Road Infrastructure Company. Company has a proven track record of over 20 years in execution of EPC (Engineering, procurement & Construction) and HAM (Hybrid annuity model) road projects. Company is also looking for opportunity to grow its revenue in non-road projects (Railways, Metro, Airports). NIP (National Infra pipeline) is a signature project of Indian Govt to develop world class infrastructure in India. NIP intends to invest more than Rs.100 lakh crs in infrastructure projects by 2024-25. Roads are expected to be second largest recipient of the overall infra spending.
- Company has order backlog of more than Rs. 10,800 crs (2.9x its FY22 revenues) with government contract accounting of nearly 58% of the order book and 42% from private players (~64% EPC & ~36% HAM). The company targets to increase contribution of non road business to 25% of its overall revenue in effect reducing its reliance on the road business. The company has been delivering robust performance for the last 5 quarters with an EBITDA margin in the range of 16.5%-15.5%. Government thrust on expanding national highways and higher infra capex is likely to keep order inflow strong which is expected to grow at 15% CAGR over the 2023-2025E. Company's strong ROE/ROCE of 25%/33% is likely to keep multiples elevated. Company is seeing easing of competitive intensity in HAM projects which augurs well for the company. Stock trades at reasonable valuations of 8x its FY24E & 2x its Price to book.

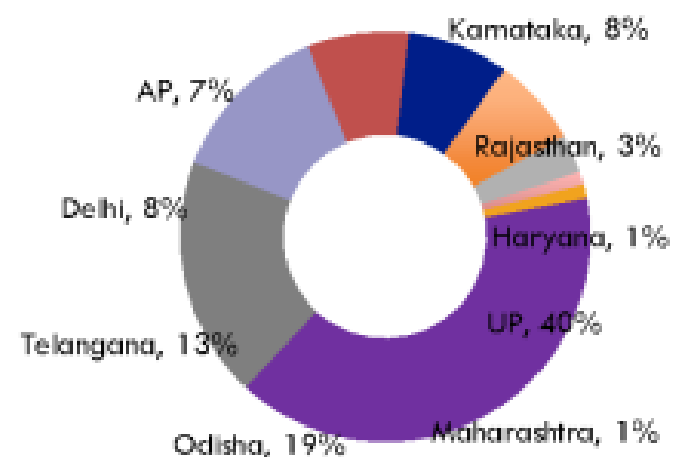
Debt to Equity (x)



✓ Debt to Equity = Total debt/Shareholders Equity

Source: Company data, JM Financial

Geographical break-up: Successful diversification in various states



Source: Company data, JM Financial

Financial snapshot – Balance sheet and Income Statement

Profit & Loss Statement			(Rs. mIn)
Year Ending	FY 2020	FY 2021	FY 2022
Total Revenue (adj)	21967.86	25438.67	36047.06
Growth (%)	9.79%	15.80%	41.70%
Other operational income	202.82	583.87	1467.25
Gross Profit	21967.86	25438.67	36047.06
Selling General & Admin Exp.	9846.33	12380.55	17750.61
Depreciation & Amort.	756.39	844.33	850.99
Other Operating Expense/(Income)	8566.06	8300.73	11195.43
Operating Expense., Total	19168.78	21525.61	29797.03
EBIT	2799.08	3913.06	6250.03
Operating Income	2799.08	3913.06	6250.03
Net Interest expense	461.17	793.12	1103.80
EBT	2337.91	3119.94	5146.23
Taxes	643.26	753.40	1345.87
Reported net profit	1694.65	2366.54	3800.36
Adjusted net profit	1694.65	2375.52	3808.49
Margin (%)	7.58	9.30	10.54
Diluted EPS (Rs.)	25.57	36.31	58.31
Divident per share (Rs.)	0.00	0.80	1.00
Payout (%)	0.00	2.20	1.71

Consolidated

Balance Sheet			(Rs. mIn)
Year Ending	FY 2020	FY 2021	FY 2022
ASSETS			
Total Cash & ST Investments	1150.34	2626.13	1644.95
Total Receivables	6849.05	5817.43	6353.98
Inventories	1055.30	1680.08	1835.52
Other Current Assets	6833.76	7342.81	8144.64
Total Current Assets	15888.45	17466.45	17979.09
Net Property, Plant & Equipment	4906.09	4828.54	4597.99
Long-term Investments	32.81	40.70	41.23
Other Long-Term Assets	1338.45	4501.08	10299.92
Total LT Assets	6277.35	9370.32	14939.14
Total Assets	22165.80	26836.77	32918.23
LIABILITIES			
Short-term Borrowings	1942.32	1332.70	2181.90
Accounts Payable	5436.93	4145.92	4320.24
Other Current Liabilities	3575.16	4263.59	2095.82
Total Current Liabilities	10954.41	9742.21	8597.96
Long-Term Debt	2136.43	5571.46	9662.79
Other Non-Current Liabilities	812.30	897.43	297.73
Total Liabilities	13903.14	16211.10	18558.48
Additional Paid In Capital	651.71	3346.18	3346.18
Comprehensive Inc. and Other	7610.95	7279.49	11013.57
Total Common Equity	8262.66	10625.67	14359.75
Total Equity	8262.66	10625.67	14359.75
Total Liabilities And Equity	22165.80	26836.77	32918.23

Consolidated

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Cash flow statement			(Rs. mIn)
Year Ending	FY 2020	FY 2021	FY 2022
Reported net profit	1666.11	2366.54	3800.36
Depreciation and amort.	756.39	844.33	850.99
Others	59.40	-3168.08	-5410.13
Cash from operations (a)	-166.15	-179.63	-4332.91
Capital expenditure	-1031.61	-976.99	-675.26
Others	111.25	-114.73	-41.89
Cash flow from investments (b)	-920.36	-1091.72	-717.15
Dividend	-39.29	0.00	-52.14
Change in loans	1340.38	2467.03	3183.08
Others	0.00	0.00	970.00
Cash flow from financing (c)	1301.09	2467.03	4100.94
Change in cash (a+b+c)	214.58	1195.68	-949.12
Free Cash Flow	-1197.76	-1156.62	-5008.17

Consolidated

Key Ratios			
Year Ending	FY 2020	FY 2021	FY 2022
ROC (%)	19.63	20.63	21.35
ROE (%)	22.38	25.06	30.42
ROA (%)	8.79	9.66	12.72
Debt / Equity ratio (x)	49.36	64.98	82.49
Current ratio (x)	1.45	1.79	2.09
EV/EBIDTA (x)	4.00	4.98	6.56
Interest Coverage Ratio	4.68	4.16	5.31
Margins			
EBITDA margin (%)	16.18	18.70	19.70
EBIT margin (%)	12.74	15.38	17.34
Net income margin (%)	7.58	9.30	10.54
DuPont			
Assets / Equity	2.68	2.53	2.29
Sales / Assets	0.99	0.95	1.10
EBIT / Sales	12.74	15.38	17.34
PBT / EBIT	0.84	0.80	0.82
Net Profit / PBT	0.72	0.76	0.74
P/E	6.79	8.21	9.57
P/BV	1.37	1.83	2.53
BV (Rs. per share)	126.78	163.04	220.34

Consolidated

Ultratech Cement (TP: 7935 – 8300)

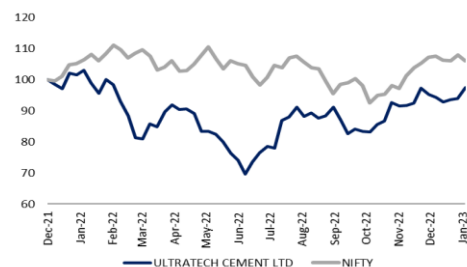
Budget expectation

- Great thrust on housing and infrastructure spends given pre-election year. To increase the pace of infrastructure investment, as envisaged under the National Infrastructure Pipeline (NIP), budgetary allocation towards various infrastructure sectors are likely to remain in focus

Key Data

Market Cap (bn)	Rs.2066.8 / US\$ 25.5
Share in issue (mn)	288.68
3-mon avg. daily val (mn)	Rs.2511.9 / US\$ 30.9
52 week range	Rs.7575.9 / 5157.05
Sensex/Nifty	60693 / 18023

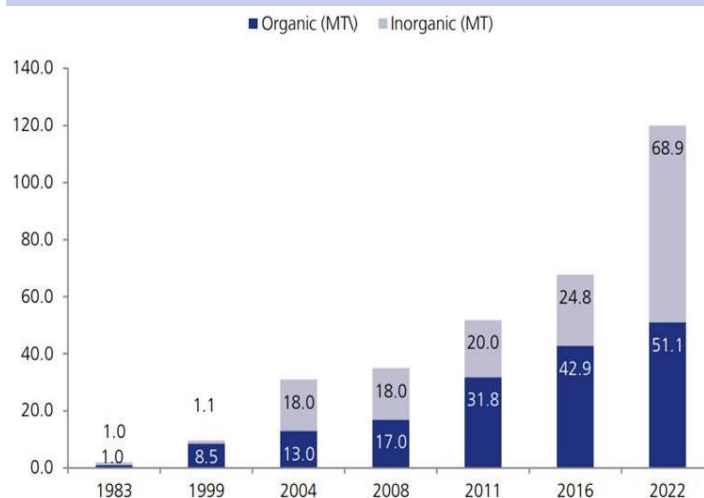
Relative Performance



Investment Thesis

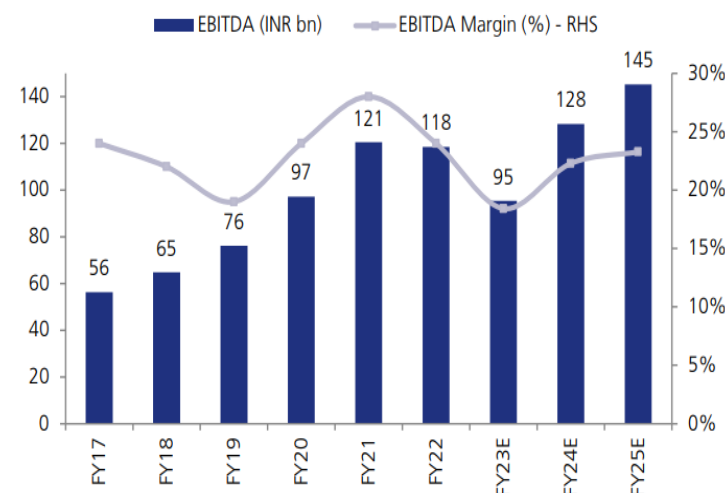
- Demand outlook for the Cement sector remains optimistic with aggressive capacity expansion announcement by various players along with strong demand undercurrent in rural, individual home builders (IHB), urban real estate and infrastructure segments.
- UltraTech (UTCEM) remains one of the preferred picks and a major beneficiary of industry level margin and volume growth. UltraTech continues to have calibrated expansion plans (+1.3MTPA addition in 2QFY23; another 15.4MTPA by Mar'23) and targets 160 MTPA capacity by FY25-26.
- We like UTCEM's superior balance sheet despite aggressive expansion plans. It can also opportunistically acquire assets across regions. We like UTCEM's superior balance sheet despite aggressive expansion plans. It can also opportunistically acquire assets across regions. We expect UTCEM stock to do well during the current cycle as the demand growth outlook continues to improve.
- Well capitalized balance sheet indicates bulk of new capacity expansion should be funded by internal accruals. We maintain our positive stance on UltraTech given robust FCF helping de-lever while implementing expansion at a relatively low capital cost.

Ultratech has growth through inorganic and capacity additions



Source: Company data, JM Financial

EBITDA margin to improve as input costs fall...



Source: Company data, JM Financial

Financial snapshot – Balance sheet and Income Statement

Profit & Loss Statement			(Rs. mIn)
Year Ending	FY 2020	FY 2021	FY 2022
Total Revenue (adj)	21967.86	25438.67	36047.06
Growth (%)	9.79%	15.80%	41.70%
Other operational income	202.82	583.87	1467.25
Gross Profit	21967.86	25438.67	36047.06
Selling General & Admin Exp.	9846.33	12380.55	17750.61
Depreciation & Amort.	756.39	844.33	850.99
Other Operating Expense/(Income)	8566.06	8300.73	11195.43
Operating Expense., Total	19168.78	21525.61	29797.03
EBIT	2799.08	3913.06	6250.03
Operating Income	2799.08	3913.06	6250.03
Net Interest expense	461.17	793.12	1103.80
EBT	2337.91	3119.94	5146.23
Taxes	643.26	753.40	1345.87
Reported net profit	1694.65	2366.54	3800.36
Adjusted net profit	1694.65	2375.52	3808.49
Margin (%)	7.58	9.30	10.54
Diluted EPS (Rs.)	25.57	36.31	58.31
Divident per share (Rs.)	0.00	0.80	1.00
Payout (%)	0.00	2.20	1.71

Consolidated

Balance Sheet			(Rs. mIn)
Year Ending	FY 2020	FY 2021	FY 2022
ASSETS			
Total Cash & ST Investments	1150.34	2626.13	1644.95
Total Receivables	6849.05	5817.43	6353.98
Inventories	1055.30	1680.08	1835.52
Other Current Assets	6833.76	7342.81	8144.64
Total Current Assets	15888.45	17466.45	17979.09
Net Property, Plant & Equipment	4906.09	4828.54	4597.99
Long-term Investments	32.81	40.70	41.23
Other Long-Term Assets	1338.45	4501.08	10299.92
Total LT Assets	6277.35	9370.32	14939.14
Total Assets	22165.80	26836.77	32918.23
LIABILITIES			
Short-term Borrowings	1942.32	1332.70	2181.90
Accounts Payable	5436.93	4145.92	4320.24
Other Current Liabilities	3575.16	4263.59	2095.82
Total Current Liabilities	10954.41	9742.21	8597.96
Long-Term Debt	2136.43	5571.46	9662.79
Other Non-Current Liabilities	812.30	897.43	297.73
Total Liabilities	13903.14	16211.10	18558.48
Additional Paid In Capital	651.71	3346.18	3346.18
Comprehensive Inc. and Other	7610.95	7279.49	11013.57
Total Common Equity	8262.66	10625.67	14359.75
Total Equity	8262.66	10625.67	14359.75
Total Liabilities And Equity	22165.80	26836.77	32918.23

Consolidated

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Cash flow statement			(Rs. mIn)
Year Ending	FY 2020	FY 2021	FY 2022
Reported net profit	1666.11	2366.54	3800.36
Depreciation and amort.	756.39	844.33	850.99
Others	59.40	-3168.08	-5410.13
Cash from operations (a)	-166.15	-179.63	-4332.91
Capital expenditure	-1031.61	-976.99	-675.26
Others	111.25	-114.73	-41.89
Cash flow from investments (b)	-920.36	-1091.72	-717.15
Dividend	-39.29	0.00	-52.14
Change in loans	1340.38	2467.03	3183.08
Others	0.00	0.00	970.00
Cash flow from financing (c)	1301.09	2467.03	4100.94
Change in cash (a+b+c)	214.58	1195.68	-949.12
Free Cash Flow	-1197.76	-1156.62	-5008.17

Consolidated

Key Ratios			
Year Ending	FY 2020	FY 2021	FY 2022
ROC (%)	19.63	20.63	21.35
ROE (%)	22.38	25.06	30.42
ROA (%)	8.79	9.66	12.72
Debt / Equity ratio (x)	49.36	64.98	82.49
Current ratio (x)	1.45	1.79	2.09
EV/EBIDTA (x)	4.00	4.98	6.56
Interest Coverage Ratio	4.68	4.16	5.31
Margins			
EBITDA margin (%)	16.18	18.70	19.70
EBIT margin (%)	12.74	15.38	17.34
Net income margin (%)	7.58	9.30	10.54
DuPont			
Assets / Equity	2.68	2.53	2.29
Sales / Assets	0.99	0.95	1.10
EBIT / Sales	12.74	15.38	17.34
PBT / EBIT	0.84	0.80	0.82
Net Profit / PBT	0.72	0.76	0.74
P/E	6.79	8.21	9.57
P/BV	1.37	1.83	2.53
BV (Rs. per share)	126.78	163.04	220.34

Consolidated

ABB India (TP: 3210 – 3360)

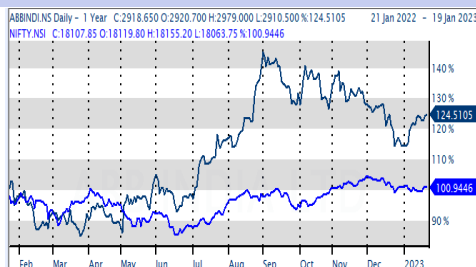
Budget expectation

- While previous budgets have also had a strong focus on capex with an allocation outlay over Rs.7.5 lac crs. Given General Elections ahead in 2024, We continue to believe this year Budget allocation would be higher to spend on infrastructure by government will stands to benefit players such as ABB India.
- We also expect PLI Scheme extension to Robotics

Key Data

Market Cap (bn)	Rs.621.4/ US\$ 7.7
Share in issue (mn)	211.9
3-mon avg. daily val (mn)	Rs.1248/US\$ 15.4
52 week range	Rs.3446.3 / 1944.6
Sensex/Nifty	60693 / 18023

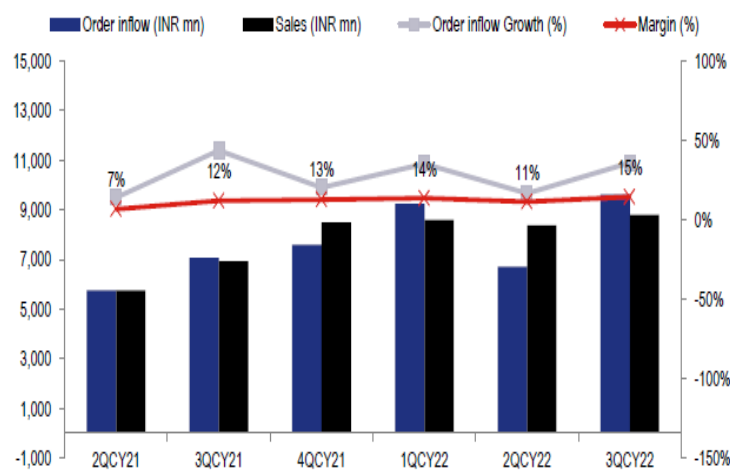
Relative Performance



Investment Thesis

- ABB India best positioned led by Growth momentum is expected to sustain on capex by PLI led segments energy efficiency driven projects across industries and revival of exports and service verticals on easing of travel restrictions. It also focuses on energy efficiency and renewable, water & wastewater, warehouse, electronics, F&B, data centres, pharma, etc.
- Management expects continuity in order inflows on the back of government spends on projects incentivizing local production and fast tracking infrastructure projects. Order inflows saw a healthy improvement of 38% YoY to INR 26.3bn, led by orders in materials, utility, renewables and railways. Order backlog stood at INR 65.1bn (0.8x TTM sales), showing no material change in visibility.
- Management expects continuity in order inflows on the back of government spends on projects incentivizing local production and fast tracking infrastructure projects
- We believe ABB India better placed in terms of Exports given the current Europe situation and ABB India continues to invest in building capacities and capabilities and growing levels of localization

Trend in Electrification segment



Source: Company data, JM Financial

Trend in Motion Segment



Source: Company data, JM Financial

Financial snapshot – Balance sheet and Income Statement

Income Statement (INR mn)					
Y/E March	CY20A	CY21A	CY22E	CY23E	CY24E
Net Sales	58,210	69,341	84,408	1,02,270	1,17,493
Sales Growth	-20.4%	19.1%	21.7%	21.2%	14.9%
Other Operating Income	0	0	0	0	0
Total Revenue	58,210	69,341	84,408	1,02,270	1,17,493
Cost of Goods Sold/Op. Exp	38,704	46,263	56,132	67,498	77,546
Personnel Cost	5,680	5,882	6,720	7,761	8,149
Other Expenses	11,113	11,627	13,320	16,061	18,247
EBITDA	2,712	5,569	8,237	10,950	13,551
EBITDA Margin	4.7%	8.0%	9.8%	10.7%	11.5%
EBITDA Growth	-48.9%	105.3%	47.9%	32.9%	23.8%
Depn. & Amort.	1,204	1,028	1,059	1,112	1,167
EBIT	1,508	4,541	7,178	9,838	12,384
Other Income	1,116	1,596	1,545	1,955	2,259
Finance Cost	169	107	86	77	69
PBT before Excep. & Forex	2,456	6,030	8,638	11,716	14,573
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	2,456	6,030	8,638	11,716	14,573
Taxes	739	1,918	3,008	2,929	3,643
Extraordinary Inc./Loss(-)	588	1,213	3,393	0	0
Assoc. Profit/Min. Int.(-)	-112	-128	-120	0	0
Reported Net Profit	2,192	5,198	8,903	8,787	10,930
Adjusted Net Profit	1,632	4,432	6,426	8,787	10,930
Net Margin	2.8%	6.4%	7.6%	8.6%	9.3%
Diluted Share Cap. (mn)	211.9	211.9	211.9	211.9	211.9
Diluted EPS (INR)	7.7	20.9	30.3	41.5	51.6
Diluted EPS Growth	-53.3%	171.6%	45.0%	36.7%	24.4%
Total Dividend + Tax	1,020	1,060	1,148	1,148	1,148
Dividend Per Share (INR)	4.8	5.0	4.5	4.5	4.5

Balance Sheet (INR mn)					
Y/E March	CY20A	CY21A	CY22E	CY23E	CY24E
Shareholders' Fund	36,064	40,452	48,327	55,966	65,748
Share Capital	424	424	424	424	424
Reserves & Surplus	35,640	40,028	47,903	55,542	65,324
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	-1,172	-939	-939	-939	-939
Total - Equity & Liab.	34,892	39,513	47,388	55,027	64,809
Net Fixed Assets	8,576	8,939	9,380	10,068	10,701
Gross Fixed Assets	13,927	15,298	16,798	18,598	20,398
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	6,100	7,128	8,187	9,299	10,466
Capital WIP	749	769	769	769	769
Investments	1	0	0	0	0
Current Assets	66,156	70,850	86,572	1,03,798	1,21,707
Inventories	8,408	10,091	12,719	15,411	17,704
Sundry Debtors	16,950	18,838	23,126	28,019	32,190
Cash & Bank Balances	22,066	26,877	31,764	37,393	45,417
Loans & Advances	270	272	463	560	644
Other Current Assets	18,463	14,771	18,500	22,415	25,752
Current Liab. & Prov.	39,841	40,276	48,564	58,840	67,599
Current Liabilities	17,207	19,613	23,126	28,019	32,190
Provisions & Others	22,634	20,663	25,438	30,821	35,409
Net Current Assets	26,315	30,574	38,008	44,958	54,108
Total - Assets	34,892	39,513	47,388	55,027	64,809

Source: Company, JM Financial

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Cash Flow Statement					(INR mn)
Y/E March	CY20A	CY21A	CY22E	CY23E	CY24E
Profit before Tax	3,044	7,243	12,030	11,716	14,573
Depn. & Amort.	1,204	1,027	1,059	1,112	1,167
Net Interest Exp. / Inc. (-)	-509	-579	0	0	0
Inc (-) / Dec in WCap.	-130	1,015	-2,547	-1,321	-1,126
Others	605	-1,084	0	0	0
Taxes Paid	-1,033	-1,131	-3,008	-2,929	-3,643
Operating Cash Flow	3,182	6,492	7,534	8,577	10,971
Capex	-1,214	-913	-1,500	-1,800	-1,800
Free Cash Flow	7,606	6,083	6,034	6,777	9,171
Inc (-) / Dec in Investments	5,638	504	0	0	0
Others	0	0	0	0	0
Investing Cash Flow	4,424	-409	-1,500	-1,800	-1,800
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-1,017	-1,060	-1,148	-1,148	-1,148
Inc / Dec (-) in Loans	-505	0	0	0	0
Others	0	-209	0	0	0
Financing Cash Flow	-1,523	-1,268	-1,148	-1,148	-1,148
Inc / Dec (-) in Cash	6,084	4,815	4,887	5,629	8,024
Opening Cash Balance	15,982	22,063	26,877	31,764	37,393
Closing Cash Balance	22,066	26,878	31,764	37,393	45,417

Source: Company, JM Financial

Dupont Analysis					
Y/E March	CY20A	CY21A	CY22E	CY23E	CY24E
Net Margin	2.8%	6.4%	7.6%	8.6%	9.3%
Asset Turnover (x)	0.8	0.9	1.0	1.0	1.0
Leverage Factor (x)	2.1	2.0	2.0	2.0	2.0
RoE	4.6%	11.6%	14.5%	16.9%	18.0%

Key Ratios					
Y/E March	CY20A	CY21A	CY22E	CY23E	CY24E
BV/Share (INR)	170.2	190.9	228.1	264.1	310.3
ROIC	6.3%	22.5%	31.1%	42.0%	47.7%
ROE	4.6%	11.6%	14.5%	16.9%	18.0%
Net Debt/Equity (x)	-0.6	-0.7	-0.7	-0.7	-0.7
P/E (x)	392.9	144.6	99.8	73.0	58.6
P/B (x)	17.8	15.8	13.3	11.5	9.7
EV/EBITDA (x)	228.3	110.3	74.0	55.2	44.0
EV/Sales (x)	10.6	8.9	7.2	5.9	5.1
Debtor days	106	99	100	100	100
Inventory days	53	53	55	55	55
Creditor days	149	118	122	123	124

Source: Company, JM Financial

State Bank of India Ltd (TP: 650 – 675)

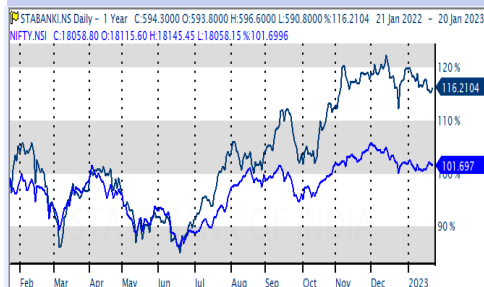
Budget expectation

- Strengthening of IBC Code and more measures to boost investment in infrastructure and measures to push PSU Banks towards for Market Borrowings for funding credit
- Stimulate the economy on growth front which in turns helps SBI (Proxy to Economy Growth rates)

Key Data

Market Cap (bn)	Rs.5282 / US\$ 65.1
Share in issue (mn)	8924.6
3-mon avg. daily val (mn)	Rs.7039.9/US\$ 86.7
52 week range	Rs.629.5 / 425
Sensex/Nifty	60693 / 18023

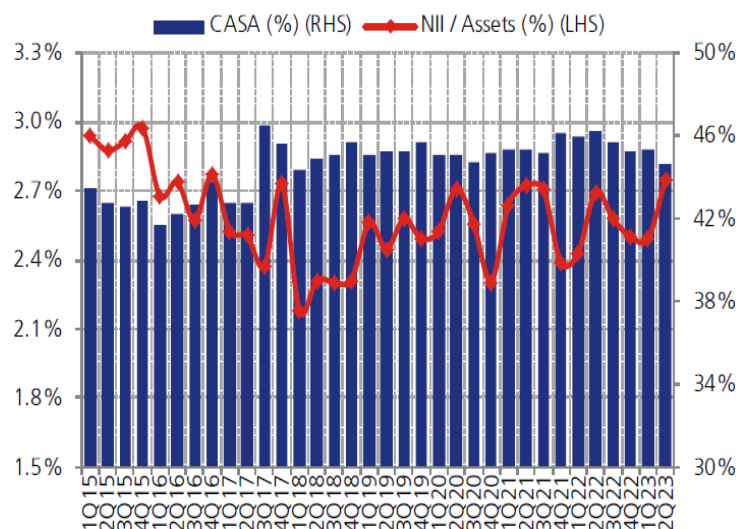
Relative Performance



Investment Thesis

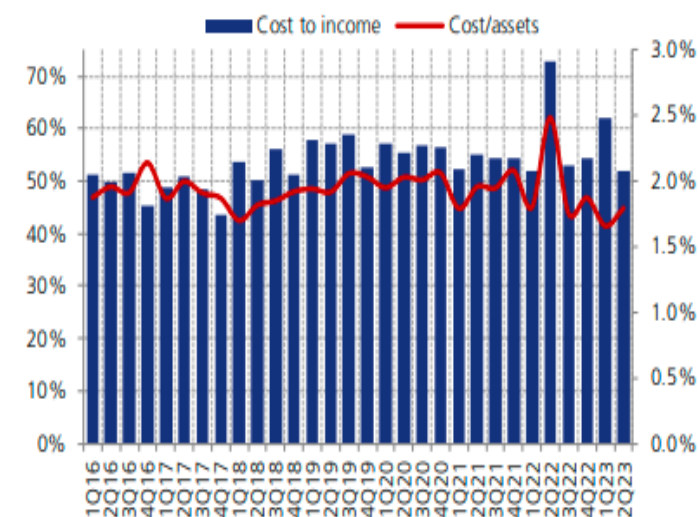
- SBI's core fundamentals continue to be on a strong footing and sustained solid earnings delivery should drive incremental re-rating for the stock in our view. While SBI may need to raise equity capital over the next 12-24months (CET1 at 9.5%), stake sale in subsidiaries (SBI Funds, SBI General Insurance) remains another option to augment capital and may delay the eventual dilution. Further, at current valuations, the capital raise will be BVPS accretive and thus we are not overtly concerned.
- Management expects the loan growth momentum to sustain going ahead driven by strong tailwinds across segments (provided overall economic momentum sustains). Deposit growth stood at +10% YoY and SBI's liability franchise remains unparalleled and has among the best-in-class CASA ratio of 44.6%.
- We believe SBI should deliver a) healthy core-PPOP growth in FY23E/FY24E (22% CAGR over FY22-24E) led by improvement in NIMs, b) lower credit costs (0.7%/0.8% in FY23E/FY24E) and c) strong loan growth of 16% over FY22-24E.

Trend in CASA and NII



Source: Company data, JM Financial

Trend in Cost Ratios



Source: Company data, JM Financial

Financial snapshot – Balance sheet and Income Statement

Profit & Loss					(INR bn)
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Net Interest Income	981	1,107	1,207	1,400	1,648
Profit on Investments	24	45	32	-75	25
Exchange Income	25	24	35	40	46
Fee & Other Income	341	351	339	335	371
Non-Interest Income	390	420	406	300	442
Total Income	1,371	1,527	1,613	1,701	2,090
Operating Expenses	752	827	934	963	1,102
Pre-provisioning Profits	619	700	679	738	988
Loan-Loss Provisions	419	310	188	212	264
Provisions on Investments	5	30	34	5	5
Others Provisions	6	100	22	4	4
Total Provisions	431	440	245	221	273
PBT	188	260	434	517	715
Tax	106	71	117	132	182
PAT (Pre-Extraordinaries)	83	189	317	385	533
Extra ordinaries (Net of Tax)	62	15	0	0	0
Reported Profits	145	204	317	385	533
Dividend paid	0	36	63	77	107
Retained Profits	145	168	253	308	426

Source: Company, JM Financial

Balance Sheet					(INR bn)
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Equity Capital	9	9	9	9	9
Reserves & Surplus	2,074	2,294	2,558	2,866	3,292
Deposits	32,416	36,813	40,515	45,985	52,653
Borrowings	3,147	4,173	4,260	4,650	5,076
Other Liabilities	1,631	1,820	2,299	2,414	2,535
Total Liabilities	39,276	45,109	49,642	55,924	63,565
Investments	10,470	13,517	14,814	15,782	18,005
Net Advances	23,253	24,495	27,340	31,441	36,628
Cash & Equivalents	2,511	3,430	3,946	4,127	4,453
Fixed Assets	147	148	143	249	283
Other Assets	2,896	3,518	3,399	4,325	4,196
Total Assets	39,276	45,109	49,642	55,924	63,565

Source: Company, JM Financial

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Key Ratios					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Growth (YoY) (%)					
Deposits	11.3%	13.6%	10.1%	13.5%	14.5%
Advances	6.4%	5.3%	11.6%	15.0%	16.5%
Total Assets	7.4%	14.8%	10.1%	12.7%	13.7%
NII	11.0%	12.9%	9.0%	16.0%	17.7%
Non-interest Income	10.8%	7.6%	-3.3%	-26.0%	47.3%
Operating Expenses	7.9%	9.9%	13.0%	3.1%	14.4%
Operating Profits	14.9%	13.1%	-3.1%	8.7%	34.0%
Core Operating profit	11.7%	10.0%	-1.3%	25.7%	18.5%
Provisions	-20.0%	2.2%	-44.4%	-9.7%	23.8%
Reported PAT	1,580.3%	40.9%	55.2%	21.6%	38.3%
Yields / Margins (%)					
Interest Spread	2.72%	2.79%	2.68%	2.79%	2.91%
NIM	2.80%	2.85%	2.76%	2.87%	2.98%
Profitability (%)					
Non-IR to Income	28.5%	27.5%	25.2%	17.7%	21.2%
Cost to Income	54.8%	54.1%	57.9%	56.6%	52.7%
ROA	0.38%	0.48%	0.67%	0.73%	0.89%
ROE	7.2%	9.3%	13.0%	14.1%	17.2%
Assets Quality (%)					
Slippages	2.35%	1.26%	1.04%	1.25%	1.35%
Gross NPA	6.15%	4.98%	3.98%	3.26%	2.97%
Net NPAs	2.23%	1.50%	1.02%	0.83%	0.76%
Provision Coverage	65.2%	70.9%	75.0%	75.0%	75.0%
Specific LLP	1.90%	1.14%	0.54%	0.62%	0.67%
Net NPAs / Networth	24.9%	16.0%	10.9%	9.1%	8.4%
Capital Adequacy (%)					
Tier I	11.00%	11.44%	11.42%	11.08%	10.91%
CAR	13.06%	13.74%	13.83%	13.24%	12.83%

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
NII / Assets	2.59%	2.62%	2.55%	2.65%	2.76%
Other Income / Assets	1.03%	0.99%	0.86%	0.57%	0.74%
Total Income / Assets	3.62%	3.62%	3.40%	3.22%	3.50%
Cost / Assets	1.98%	1.96%	1.97%	1.82%	1.84%
PBP / Assets	1.63%	1.66%	1.43%	1.40%	1.65%
Provisions / Assets	1.14%	1.04%	0.52%	0.42%	0.46%
PBT / Assets	0.50%	0.62%	0.92%	0.98%	1.20%
Tax rate	56.1%	27.4%	27.1%	25.5%	25.5%
ROA	0.38%	0.48%	0.67%	0.73%	0.89%
RoRWAs	0.70%	0.94%	1.34%	1.45%	1.73%
Leverage	18.9	19.6	19.3	19.5	19.3
ROE	7.2%	9.3%	13.0%	14.1%	17.2%

Source: Company, JM Financial

Valuations					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Shares in Issue	8.9	8.9	8.9	8.9	8.9
EPS (INR)	16.2	22.9	35.5	43.1	59.7
EPS (YoY) (%)	1,580.3%	40.9%	55.2%	21.6%	38.3%
PER (x)	36.6	26.0	16.7	13.8	10.0
BV (INR)	233	258	288	322	370
BV (YoY) (%)	6.1%	10.6%	11.5%	12.0%	14.8%
ABV (INR)	225	252	288	322	370
ABV (YoY) (%)	10.4%	11.9%	14.1%	12.0%	14.8%
P/BV (x)	2.55	2.30	2.07	1.84	1.61
P/ABV (x)	2.64	2.36	2.07	1.84	1.61
DPS (INR)	0.0	4.0	7.1	8.6	11.9
Div. yield (%)	0.0%	0.7%	1.2%	1.5%	2.0%

Source: Company, JM Financial

Container Corporation of India (TP: 780 – 815)

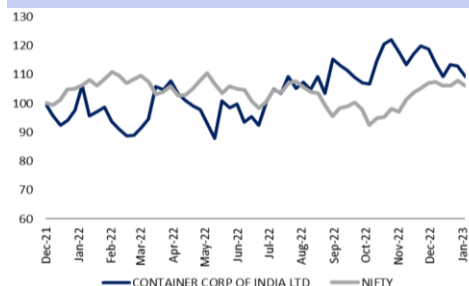
Budget expectation

- Focus on increased share of railways for cargo movement.
- Thrust on improving logistics infrastructure in the Country.
- Divestment detailing timelines.
- National Logistics Policy, implementation guidelines which will reduce the logistic cost to GDP from 14% to single digits.
- Enhanced focus on PM Gati Shakti, for seamless multimodal connectivity to enable smooth operations of logistic sector.

Key Data

Market Cap (bn)	Rs.430.3 / US\$ 5.3
Share in issue (mn)	609.29
3-mon avg. daily val (mn)	Rs.1162.7/US\$ 14.3
52 week range	Rs.828.75 / 554
Sensex/Nifty	60693 / 18023

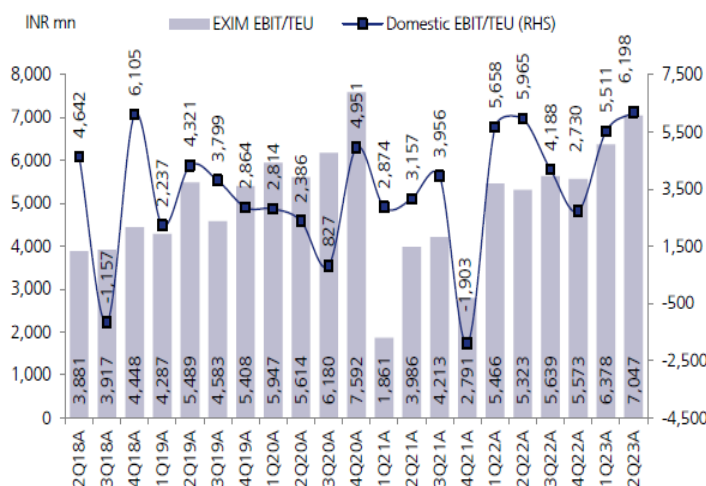
Relative Performance



Investment Thesis

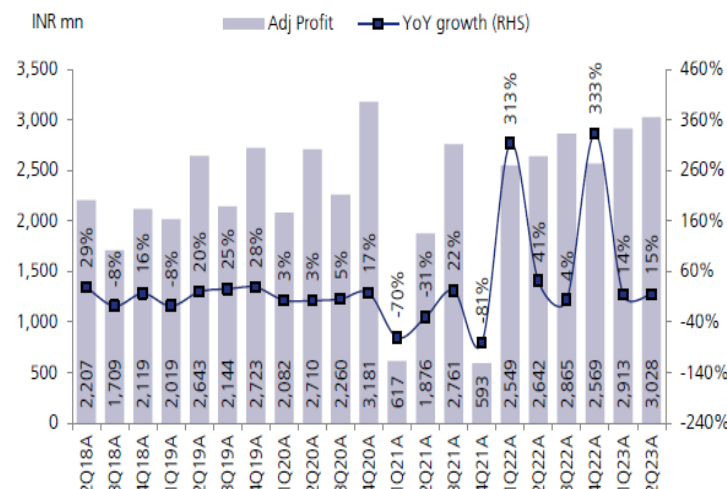
- CCRI continues to be confident of achieving its FY23 guidance of 10-12% Revenue and PAT growth led by a) strong domestic growth, b) shift from road to rail, and c) improving EXIM and Double stacking (+22%YoY to 963 rakes in 2QFY23). Concor continues to work on strategic initiatives like a) digitisation b) improving asset utilisation, and c) addition of high capacity rakes and containers. CCRI has started offering first mile - last mile logistics, thereby providing endto-end solutions to its customers, which will help increase customer stickiness, resulting in higher volumes.
- Concor had announced a capex target of INR 80-100bn over the next 3-4 years, which will be spent on infrastructure development, rolling stock, containers and equipment; most of this capex is likely to funded through internal accruals. The company is looking to build its own container strength of 1.5-2lakh containers over the next 2-3 years and also plans to add 274 rakes.
- The Central government plans to invite bids for divestment of stake in CCRI, The government aims to complete the process of divestment soon and hopes to raise Rs 14,000 crore for a 30.8 percent stake in the company. The Centre currently holds a 54.8 percent stake in CONCOR. The Cabinet Committee on Economic Affairs had, in November 2019, approved the strategic divestment of government equity of 30.8 percent , along with the transfer of management control to a strategic buyer.

EBIT margin trend



Source: Company, JM Financial

Profitability trend



Source: Company, JM Financial

Financial snapshot – Balance sheet and Income Statement

Income Statement (INR mn)					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Sales	63,850	75,945	84,380	99,031	115,573
Sales Growth	-1.4%	18.9%	11.1%	17.4%	16.7%
Other Operating Income	0	0	0	0	0
Total Revenue	63,850	75,945	84,380	99,031	115,573
Cost of Goods Sold/Op. Exp	46,615	52,317	58,147	68,094	80,608
Personnel Cost	3,578	4,156	3,900	4,212	4,549
Other Expenses	2,655	2,188	2,278	2,506	2,756
EBITDA	11,002	17,284	20,055	24,219	27,659
EBITDA Margin	17.2%	22.8%	23.8%	24.5%	23.9%
EBITDA Growth	-34.7%	57.1%	16.0%	20.8%	14.2%
Depn. & Amort.	5,219	5,298	5,470	5,744	6,031
EBIT	5,783	11,986	14,585	18,475	21,628
Other Income	2,855	2,631	2,149	2,299	2,529
Finance Cost	340	546	592	622	653
PBT before Excep. & Forex	8,298	14,071	16,141	20,153	23,504
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	8,298	14,071	16,141	20,153	23,504
Taxes	1,758	3,447	4,053	5,078	5,923
Extraordinary Inc./Loss(-)	-1,507	-1	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	5,033	10,623	12,089	15,074	17,581
Adjusted Net Profit	6,150	10,624	12,089	15,074	17,581
Net Margin	9.6%	14.0%	14.3%	15.2%	15.2%
Diluted Share Cap. (mn)	609.3	609.3	609.3	609.3	609.3
Diluted EPS (INR)	10.1	17.4	19.8	24.7	28.9
Diluted EPS Growth	-39.4%	72.7%	13.8%	24.7%	16.6%
Total Dividend + Tax	3,564	4,874	6,755	9,930	13,340
Dividend Per Share (INR)	5.8	8.0	11.1	16.3	21.9

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Shareholders' Fund	102,037	107,773	113,107	118,251	122,492
Share Capital	3,047	3,047	3,047	3,047	3,047
Reserves & Surplus	98,991	104,727	110,060	115,204	119,445
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	-543	-906	-906	-906	-906
Total - Equity & Liab.	101,495	106,867	112,201	117,345	121,586
Net Fixed Assets	62,216	61,390	63,920	66,176	68,145
Gross Fixed Assets	78,227	84,242	96,725	99,725	107,725
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	25,209	30,335	35,805	41,549	47,580
Capital WIP	9,198	7,482	3,000	8,000	8,000
Investments	14,952	14,356	14,356	14,356	14,356
Current Assets	44,235	51,365	56,418	63,211	69,892
Inventories	239	307	231	271	317
Sundry Debtors	1,555	1,761	1,957	2,297	2,681
Cash & Bank Balances	24,732	28,879	34,811	42,224	49,476
Loans & Advances	17,709	20,419	19,419	18,419	17,419
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	19,908	20,244	22,492	26,398	30,807
Current Liabilities	2,709	4,236	4,707	5,524	6,447
Provisions & Others	17,199	16,008	17,786	20,874	24,360
Net Current Assets	24,327	31,122	33,926	36,813	39,085
Total - Assets	101,495	106,867	112,201	117,345	121,586

Source: Company, JM Financial

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Cash Flow Statement					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Profit before Tax	8,298	14,071	16,141	20,153	23,504
Depn. & Amort.	5,272	5,351	5,470	5,744	6,031
Net Interest Exp. / Inc. (-)	-1,648	-1,302	-1,556	-1,677	-1,876
Inc (-) / Dec in WCap.	1,691	-1,003	3,129	4,525	4,981
Others	580	-143	0	0	0
Taxes Paid	-2,444	-3,568	-4,053	-5,078	-5,923
Operating Cash Flow	11,749	13,406	19,131	23,666	26,717
Capex	-4,578	-7,751	-8,000	-8,000	-8,000
Free Cash Flow	7,171	5,656	11,131	15,666	18,717
Inc (-) / Dec in Investments	2,467	-6,509	0	0	0
Others	2,386	3,664	2,149	2,299	2,529
Investing Cash Flow	275	-10,596	-5,851	-5,701	-5,471
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-3,564	-4,874	-6,755	-9,930	-13,340
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-870	-893	-592	-622	-653
Financing Cash Flow	-4,434	-5,767	-7,347	-10,552	-13,993
Inc / Dec (-) in Cash	7,590	-2,957	5,933	7,413	7,253
Opening Cash Balance	563	6,646	28,879	34,811	42,224
Closing Cash Balance	8,153	3,689	34,811	42,224	49,476

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Margin	9.6%	14.0%	14.3%	15.2%	15.2%
Asset Turnover (x)	0.6	0.7	0.8	0.9	1.0
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	6.1%	10.1%	10.9%	13.0%	14.6%

Key Ratios					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
BV/Share (INR)	167.5	176.9	185.6	194.1	201.0
ROIC	7.2%	14.3%	17.0%	22.0%	26.9%
ROE	6.1%	10.1%	10.9%	13.0%	14.6%
Net Debt/Equity (x)	-0.3	-0.3	-0.4	-0.4	-0.5
P/E (x)	76.1	44.0	38.7	31.0	26.6
P/B (x)	4.6	4.3	4.1	4.0	3.8
EV/EBITDA (x)	39.7	25.0	21.3	17.3	14.9
EV/Sales (x)	6.8	5.7	5.1	4.2	3.6
Debtor days	9	8	8	8	8
Inventory days	1	1	1	1	1
Creditor days	19	26	27	27	27

Source: Company, JM Financial

M & M Financial Services Ltd (TP: 258 – 270)

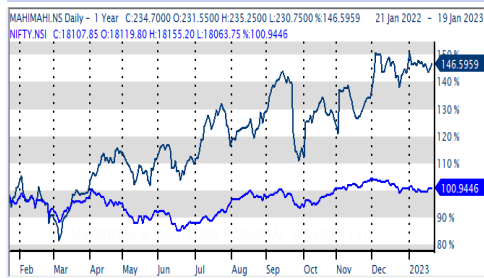
Budget expectation

- Measures to boost rural income and likely extension of Loan guarantee scheme to NBFCs and asset classes like micro SME loan, tractor loan by national credit guarantee corporation.
- NBFCs to be brought in par with banks in terms of SARFASEI Regulations

Key Data

Market Cap (bn)	Rs.289.8 / US\$ 3.6
Share in issue (mn)	1235.53
3-mon avg. daily val (mn)	Rs.969.9/US\$ 11.9
52 week range	Rs.247.05 / 127.95
Sensex/Nifty	60693 / 18023

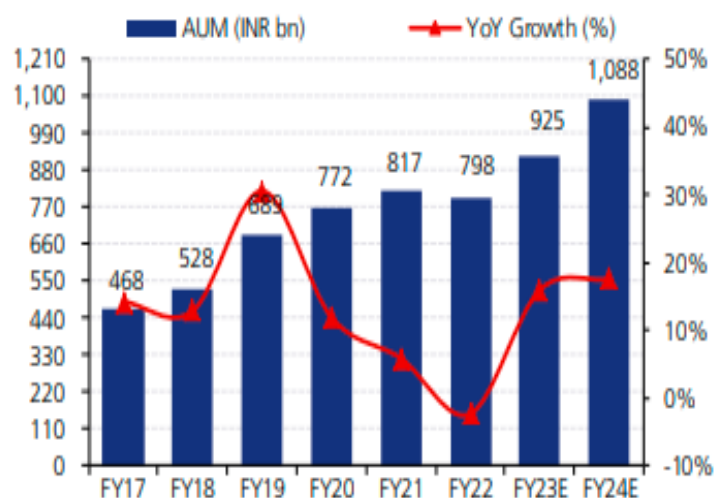
Relative Performance



Investment Thesis

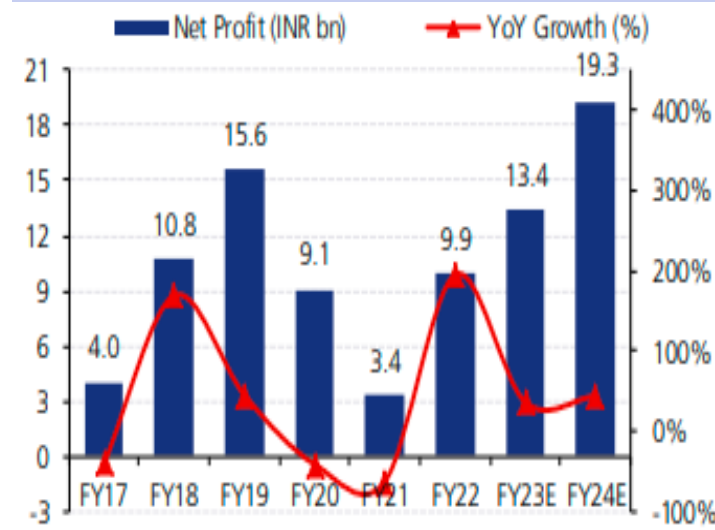
- MMFS a strong play on rural economy recovery led by strong government spending particularly rural ahead of General Election in 2024. We expect higher allocations to stimulate the rural economy which in turn benefits M & M Financials.
- Strong business led momentum aided disbursements particularly it is positioned well in Rural/Semi-urban customer segments. Most of Asset quality mess cleaned and subsidiaries are well placed to add Value. We believe stock well poised being Budget play and strong monsoon ahead.
- We remain positive on M & M Finance post RBI lifted restrictions imposed on the company for carrying out any loan recovery through third parties in Jan 1st week. Earlier, The RBI had directed the financial services company on Sep 22 to stop carrying out any loan recovery or repossession activity through outsourcing vendors. We believe this further strengthens its collections.

Trend in AUM



Source: Company data, JM Financial

Trend in Earnings Growth



Source: Company data, JM Financial

Financial snapshot – Balance sheet and Income Statement

Profit & Loss					(INR mn)
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Net Interest Income	51,130	55,338	55,554	61,009	73,323
Profit on Investments	262	404	608	628	648
Exchange Income	0	0	0	0	0
Fee & Other Income	2,773	2,095	1,824	1,358	936
Non-Interest Income	3,034	2,499	2,432	1,986	1,585
Total Income	54,164	57,836	57,986	62,995	74,907
Operating Expenses	20,182	16,325	20,734	24,247	27,405
Pre-provisioning Profits	33,982	41,512	37,252	38,747	47,502
Loan-Loss Provisions	20,545	37,348	23,683	20,813	21,737
Provisions on Investments	0	0	0	0	0
Others Provisions	0	0	0	0	0
Total Provisions	20,545	37,348	23,683	20,813	21,737
PBT	13,438	4,163	13,569	17,934	25,765
Tax	4,374	873	3,682	4,519	6,493
PAT (Pre-Extraordinaries)	9,064	3,291	9,887	13,415	19,272
Extra ordinaries (Net of Tax)	0	61	0	0	0
Reported Profits	9,064	3,352	9,887	13,415	19,272
Dividend paid	0	988	4,448	2,683	3,854
Retained Profits	9,064	2,364	5,440	10,732	15,418

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Equity Capital	1,231	2,464	2,466	2,466	2,466
Reserves & Surplus	111,922	144,651	153,815	164,547	179,964
Deposits	0	0	0	0	0
Borrowings	594,623	585,767	558,139	625,116	725,134
Other Liabilities	32,451	37,055	38,154	42,303	48,465
Total Liabilities	740,712	770,365	752,887	834,750	956,356
Investments	59,110	116,073	84,403	58,518	51,804
Net Advances	649,935	599,474	604,446	731,471	863,400
Cash & Equivalents	14,258	32,696	41,507	18,287	12,951
Fixed Assets	3,635	3,405	3,929	4,349	4,968
Other Assets	0	0	0	0	0
Total Assets	740,712	770,365	752,890	834,750	956,356

Source: Company, JM Financial

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Key Ratios					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Growth (YoY) (%)					
Deposits	0.0%	0.0%	0.0%	0.0%	0.0%
Advances	6.1%	-7.8%	0.8%	21.0%	18.0%
Total Assets	10.4%	4.0%	-2.3%	10.9%	14.6%
NII	9.5%	8.2%	0.4%	9.8%	20.2%
Non-interest Income	55.4%	-17.7%	-2.7%	-18.3%	-20.2%
Operating Expenses	9.2%	-19.1%	27.0%	16.9%	13.0%
Operating Profits	12.6%	22.2%	-10.3%	4.0%	22.6%
Core Operating profit	-47.0%	-80.0%	321.8%	22.8%	43.7%
Provisions	223.4%	81.8%	-36.6%	-12.1%	4.4%
Reported PAT	-41.8%	-63.0%	195.0%	35.7%	43.7%
Yields / Margins (%)					
Interest Spread	5.77%	5.93%	5.95%	6.18%	6.71%
NIM	7.39%	7.52%	7.51%	7.93%	8.44%
Profitability (%)					
Non-IR to Income	5.6%	4.3%	4.2%	3.2%	2.1%
Cost to Income	37.3%	28.2%	35.8%	38.5%	36.6%
ROA	1.28%	0.44%	1.30%	1.69%	2.15%
ROE	8.2%	2.6%	6.5%	8.3%	11.0%
Assets Quality (%)					
Slippages	5.63%	5.16%	4.71%	4.00%	3.60%
Gross NPA	8.61%	9.14%	7.86%	7.29%	6.87%
Net NPAs	6.10%	4.06%	3.45%	3.20%	3.14%
Provision Coverage	31.0%	57.9%	58.1%	58.0%	56.0%
Specific LLP	2.91%	5.99%	3.41%	3.12%	2.73%
Net NPAs / Networth	35.1%	16.5%	13.3%	14.0%	14.9%
Capital Adequacy (%)					
Tier I	15.41%	22.22%	24.24%	18.43%	17.76%
CAR	19.64%	25.98%	27.75%	21.27%	20.62%

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
NII / Assets	7.24%	7.32%	7.29%	7.69%	8.19%
Other Income / Assets	0.43%	0.33%	0.32%	0.25%	0.18%
Total Income / Assets	7.67%	7.65%	7.61%	7.94%	8.36%
Cost / Assets	2.86%	2.16%	2.72%	3.05%	3.06%
PBP / Assets	4.82%	5.49%	4.89%	4.88%	5.30%
Provisions / Assets	2.91%	4.94%	3.11%	2.62%	2.43%
PBT / Assets	1.90%	0.55%	1.78%	2.26%	2.88%
Tax rate	32.5%	21.0%	27.1%	25.2%	25.2%
ROA	1.28%	0.44%	1.30%	1.69%	2.15%
RoRWAs	1.43%	0.56%	1.74%	1.96%	2.24%
Leverage	6.5	5.2	4.8	5.0	5.2
ROE	8.2%	2.6%	6.5%	8.3%	11.0%

Source: Company, JM Financial

Valuations					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Shares in Issue	615.3	1,232.0	1,233.0	1,233.0	1,233.0
EPS (INR)	14.7	2.7	8.0	10.9	15.6
EPS (YoY) (%)	-41.8%	-81.5%	194.8%	35.7%	43.7%
PER (x)	14.9	80.9	27.4	20.2	14.1
BV (INR)	184	119	127	135	148
BV (YoY) (%)	4.0%	-35.1%	6.1%	6.9%	9.2%
ABV (INR)	184	119	127	135	148
ABV (YoY) (%)	4.0%	-35.1%	6.1%	6.9%	9.2%
P/BV (x)	1.20	1.84	1.74	1.62	1.49
P/ABV (x)	1.20	1.84	1.74	1.62	1.49
DPS (INR)	0.0	0.8	3.6	2.2	3.1
Div. yield (%)	0.0%	0.4%	1.6%	1.0%	1.4%

Source: Company, JM Financial

TVS Motor (TP: 1115 – 1166)

Budget expectation

- PLI extension in the Automobile sector (incentivizing innovation and growth). Incentives for charging infrastructure. Extension of FAME subsidy.

Key Data

Market Cap (bn)	Rs.461.3 / US\$ 5.7
Share in issue (mn)	475.09
3-mon avg. daily val (mn)	Rs.2188.5 / US\$ 27
52 week range	Rs.1177 / 513
Sensex/Nifty	60693 / 18023

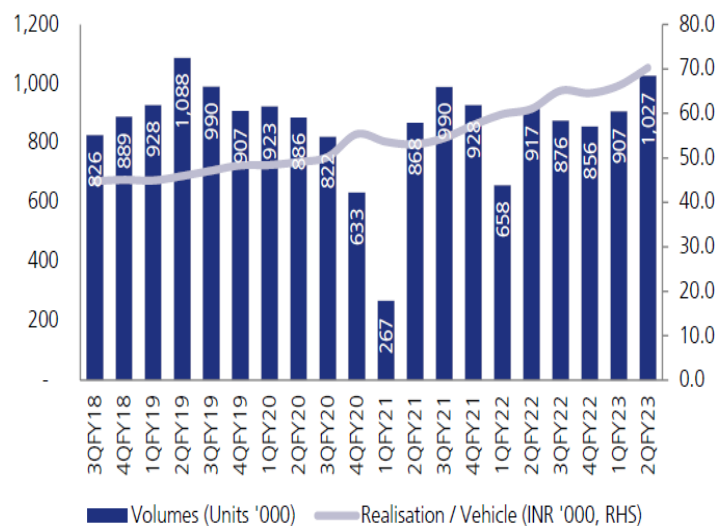
Relative Performance



Investment Thesis

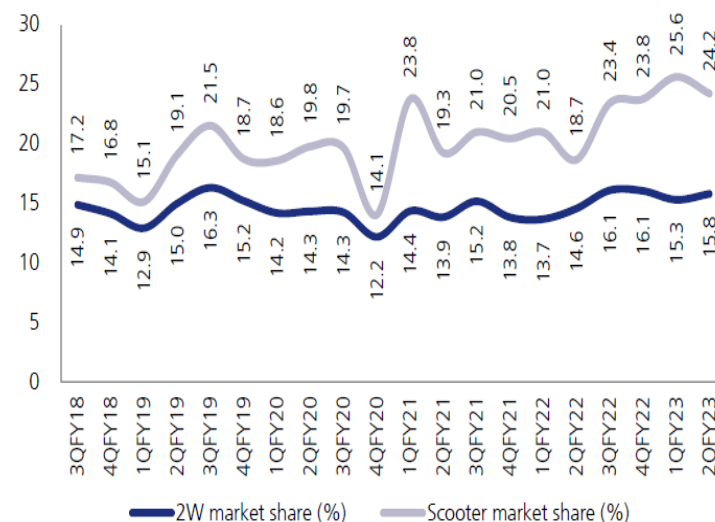
- EV narrative is fast catching up in India in the 2W space (5% adoption) we see ongoing government tightening on incentives/ battery standards as a starting point for consolidation in the space towards good quality/well-established players. TVS (in e-scooters) is among the incumbents are decisively leading here.
- Demand in the 2W segment has been witnessing signs of recovery over the past two months primarily driven by festive and wedding related demand. Discounts, too, have been minimal. This provides room to the OEMs to reinvest part of the commodity benefit to drive the demand momentum.
- Management expects continued demand momentum on the back of strong festive sales, improving rural sentiment and new product launches. Considering pick-up in rural sales, robust premium product portfolio and steady export demand, TVSL is one of our top picks in the 2W space. TVS the most promising premiumization and electrification play in India autos, in our view.
- Management is now gunning volumes of 25k units of iQube by Mar'23, having crossed 10k mark in Nov'22. If the company achieves this target it would make iQube/TVS the number 1 brand/player in the EV 2W market in India from the current position of number 2/3

Quarterly volume and realisation



Source: Company, JM Financial

TVSL – market share trend



Source: Company data, JM Financial

Financial snapshot – Balance sheet and Income Statement

Income Statement					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Sales	1,67,505	2,07,905	2,54,125	2,92,209	3,27,855
Sales Growth	2.0%	24.1%	22.2%	15.0%	12.2%
Other Operating Income	0	0	0	0	0
Total Revenue	1,67,505	2,07,905	2,54,125	2,92,209	3,27,855
Cost of Goods Sold/Op. Exp	1,27,239	1,58,082	1,93,343	2,21,414	2,47,477
Personnel Cost	9,485	11,364	12,664	13,930	14,930
Other Expenses	16,498	18,842	21,406	23,611	26,117
EBITDA	14,285	19,617	26,713	33,254	39,330
EBITDA Margin	8.5%	9.4%	10.5%	11.4%	12.0%
EBITDA Growth	6.1%	37.3%	36.2%	24.5%	18.3%
Depn. & Amort.	4,937	6,114	6,095	6,768	7,259
EBIT	9,348	13,503	20,618	26,486	32,072
Other Income	-1,086	-1,069	-199	79	203
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	8,261	12,434	20,419	26,565	32,274
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	8,261	12,434	20,419	26,565	32,274
Taxes	2,142	3,197	4,900	6,721	8,101
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	6,119	9,237	15,519	19,844	24,173
Adjusted Net Profit	6,120	9,237	15,517	19,844	24,173
Net Margin	3.7%	4.4%	6.1%	6.8%	7.4%
Diluted Share Cap. (mn)	475.0	475.0	475.0	475.0	475.0
Diluted EPS (INR)	12.9	19.4	32.7	41.8	50.9
Diluted EPS Growth	3.3%	50.9%	68.0%	27.9%	21.8%
Total Dividend + Tax	1,663	2,138	2,850	3,800	4,750
Dividend Per Share (INR)	3.5	4.5	6.0	8.0	10.0

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Shareholders' Fund	41,709	48,220	60,887	76,931	96,355
Share Capital	475	475	475	475	475
Reserves & Surplus	41,234	47,745	60,412	76,456	95,880
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	11,590	19,627	15,000	10,000	8,500
Def. Tax Liab. / Assets (-)	1,955	1,979	1,979	1,979	1,979
Total - Equity & Liab.	55,254	69,826	77,866	88,910	1,06,834
Net Fixed Assets	32,890	37,311	38,719	39,304	39,766
Gross Fixed Assets	63,490	72,309	80,054	87,057	94,409
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	33,387	39,243	45,337	52,105	59,364
Capital WIP	2,787	4,245	4,003	4,353	4,720
Investments	33,145	47,160	51,860	62,860	82,860
Current Assets	35,939	34,007	42,030	49,091	53,795
Inventories	11,518	11,227	13,925	17,613	19,761
Sundry Debtors	8,700	9,507	12,532	14,410	16,168
Cash & Bank Balances	9,298	4,013	5,387	5,863	5,541
Loans & Advances	6,423	9,260	10,186	11,204	12,325
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	46,720	48,651	54,742	62,344	69,587
Current Liabilities	39,216	39,914	45,255	52,037	58,385
Provisions & Others	7,504	8,737	9,487	10,307	11,202
Net Current Assets	-10,781	-14,645	-12,713	-13,254	-15,792
Total - Assets	55,254	69,826	77,866	88,910	1,06,834

Source: Company, JM Financial

Financial snapshot – Cash Flow Statement, Dupont Analysis and Key Ratios

Cash Flow Statement					(INR mn)
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Profit before Tax	8,261	12,434	20,419	26,565	32,274
Depn. & Amort.	4,937	6,114	6,095	6,768	7,259
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	16,227	-1,422	-558	1,017	2,216
Others	0	0	0	0	0
Taxes Paid	-2,142	-3,197	-4,900	-6,721	-8,101
Operating Cash Flow	27,283	13,930	21,056	27,629	33,648
Capex	-5,587	-10,536	-7,503	-7,353	-7,720
Free Cash Flow	21,697	3,394	13,553	20,276	25,928
Inc (-) / Dec in Investments	-7,086	-14,015	-4,700	-11,000	-20,000
Others	0	0	0	0	0
Investing Cash Flow	-12,673	-24,550	-12,203	-18,353	-27,720
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-1,663	-2,138	-2,850	-3,800	-4,750
Inc / Dec (-) in Loans	-9,014	8,037	-4,627	-5,000	-1,500
Others	1,172	-589	-2	0	0
Financing Cash Flow	-9,504	5,311	-7,479	-8,800	-6,250
Inc / Dec (-) in Cash	5,106	-5,310	1,374	476	-322
Opening Cash Balance	4,192	9,298	4,013	5,387	5,863
Closing Cash Balance	9,298	3,988	5,387	5,863	5,541

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Margin	3.7%	4.4%	6.1%	6.8%	7.4%
Asset Turnover (x)	3.0	3.3	3.4	3.5	3.3
Leverage Factor (x)	1.5	1.4	1.4	1.2	1.1
RoE	15.7%	20.5%	28.4%	28.8%	27.9%

Key Ratios					
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
BV/Share (INR)	87.8	101.5	128.2	162.0	202.9
ROIC	37.0%	72.9%	88.7%	107.4%	138.6%
ROE	15.7%	20.5%	28.4%	28.8%	27.9%
Net Debt/Equity (x)	0.1	0.3	0.2	0.1	0.0
P/E (x)	86.5	57.3	34.1	26.7	21.9
P/B (x)	12.7	11.0	8.7	6.9	5.5
EV/EBITDA (x)	37.2	27.8	20.2	16.0	13.5
EV/Sales (x)	3.2	2.6	2.1	1.8	1.6
Debtor days	19	17	18	18	18
Inventory days	25	20	20	22	22
Creditor days	93	77	73	73	74

Source: Company, JM Financial

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JM Financial Services Ltd. – Research Analyst

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Corporate Identity Number: U67120MH1998PLC115415 | <https://www.jmfinancialservices.in>

Corp. Office: 5th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. Tel.: (022) 6704 0404. Fax: (022) 6704 3139.

Regd. Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. Tel.: (022) 6630 3030. Fax: (022) 6630 3223.

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