

**Core Purpose** : To continuously delight our customers by offering trustworthy services for Wealth creation

**Core Values** : We meet Statutory and Non-statutory Obligations on Due date.  
We do not encourage speculation. Right attitude towards Clients.  
Client is always Right. Client deserves Trustworthy Advice. We are Trustee of Client's Assets when in our Custody.

**Our Mission** : To pursue Quality Advice and Ontime Services in Healthy Atmosphere leading to benefit of all Stakeholders

## Index and data indicators

\*Global indices corrected sharply in 2008 January, so the data prior to the month is taken for reference, FY23 GDP growth forecast at 6.5%

Time period	31/5/2023	30/4/2023	31/12/2007
Nifty	18534	18065	6138
<b>Valuation</b>			
Trailing PE	21.59	20.87	27.62
Trailing PB	4.33	4.23	6.39
Mcap/GDP	1.51	1.45	1.23
<b>Nifty return</b>			
1 year	11.76%	5.63%	54.77%
2 year	9.06%	11.12%	47.11%
3 year	24.60%	22.36%	43.43%
<b>EPS growth</b>			
1 year	5.80%	11.40%	19.13%
2 year	26.88%	38.04%	15.95%
3 year	26.11%	25.19%	17.85%
<b>Other data points</b>			
Credit growth	15.50%	15.70%	25%
10-year bond yield	6.97	7.10	7.57
Brent Oil Futures	72.14	79.54	93.25
USD/INR	82.68	81.72	39.23
Gold (oz/USD)	1982	1999.1	843.2

Source: RBI, NSE, ET, Prowess

## MARKET REVIEW

### Indices move higher!

In the month of May, indices scaled higher levels on positive global markets and domestic cues.

Key developments during the month were,

- ▶ India's industrial production growth fell to a five-month low of 1.1% in March 2023. The poor performance of the power and manufacturing sectors was primarily responsible for this decline, with the manufacturing sector growing only 0.5% compared to 1.4% a year ago. Power generation declined by 1.6% in March 2023, compared to a growth of 6.1% last year.
- ▶ India's inflation continues to moderate sharply. India's wholesale price index (WPI) inflation fell to -0.92% in April 2023 as against 1.34% in March 2023. WPI inflation has dipped below zero in April for the first time since July 2020. India's consumer price inflation continued to moderate and fell to an 18-month low of 4.70% in April on an annual basis. The reading stood

at 5.66% in March. The CPI based inflation has remained within the Reserve Bank of India's (RBI) tolerance band of 2-6% for the second consecutive month. The consumer food price index also eased to 3.84% in April.

- ▶ India's foreign exchange reserves dropped by \$6.052 billion to \$593.477 billion during the week ended May 19. In October 2021, the country's forex reserve had reached an all-time high of \$645 billion. India's overall exports (Merchandise and Services combined) in April 2023 is estimated to be \$65.02 billion. Overall imports in April 2023 are estimated to be \$66.40 billion. Riding on the high exports base of April 2022, India's overall exports are projected to grow at 2% during April 2023.
- ▶ The government's fiscal deficit narrowed to Rs 17.33 trillion or 6.4% of GDP for FY23, on the back of higher tax receipts.
- ▶ India's GDP growth rate for Q4FY23 was 6.1%, which is higher than the previous quarter's growth rate of 4.4%. The overall GDP growth rate for FY23 was 7.2%, which is higher than the government's revised estimate of 7%. However, the FY23 growth rate is lower than the 9.5% growth rate in FY22.
- ▶ India's gross GST revenue collection in the month of May stood at Rs 1,57,090 crore, registering a rise of 12% on a year-on-year basis.

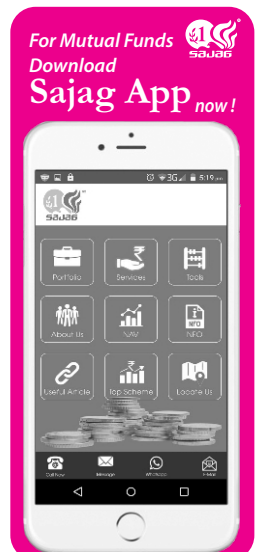
Indian markets logged gains in the month of May on encouraging Q4 numbers and persistent buying by foreign institutional investors. The optimism was seen in broader market as well. However, global uncertainties surrounding interest rates and the US debt ceiling impasse

prompted investors to take some profits off the table at higher levels. FIIs remained net buyers for the month end May 2023 as well at Rs 27856.48 crores. DIIs on the other hand, were net sellers at Rs 2528.52 crores. IMD predicts that the monsoon is likely to be normal this year too. The country as a whole is expected to receive 96% of the normal rainfall.

Oil prices tumbled on recession fears and stronger US dollar. Global indices i.e. the Dow Jones, Nasdaq and S&P 500 remained positive overall. Fending off a US default, the Senate gave final approval to a debt ceiling and budget cuts package, which shelve the volatile debt ceiling issue that risked upending the US and global economy until 2025 after the next presidential election.

### Market Outlook

The Indian economy is showing signs of



### Performance of key sectoral indices

Nifty Energy	0.00%	Nifty IT	5.49%
Nifty Pharma	0.47%	Nifty India Consumption	5.95%
Nifty Metal	1.06%	Nifty FMCG	6.43%
Nifty Infrastructure	1.55%	Nifty Realty	7.33%
Nifty Bank	1.69%	Nifty Auto	7.47%
Nifty MNC	4.67%		

recovery, with GDP growth picking up in Q4FY23 and the fiscal deficit narrowing. The manufacturing sector is also doing well, with the PMI index reaching a 2-year high in May.

- ▶ The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) rose to 58.7 in May, indicating the strongest improvement in the health of the sector since October 2020. Services Purchasing Managers' Index in May was 61.2 versus 62 in April.
- ▶ In China, imports dropped 7.9% in April, while exports grew by 8.5%, although at a slower pace than in March. China's consumer price index rose 0.1% in April y-o-y, the slowest since early 2021. April's reading comes after China's inflation rate eased to 0.7% in March after marking a recent peak of 2.8% in September. China's industrial output grew 5.6% in April from a year earlier, accelerating from a 3.9% gain seen in March. Retail sales jumped 18.4%, significantly faster than the 10.6% increase in March and marked the quickest growth since March 2021. China's official measure of factory activity for May slid for a second-straight month in May to 48.8, a steeper contraction than March's 49.2 while the Caixin Services purchasing managers' index (PMI) rose to 57.1 in May from 56.4 in April. The index grew for a fifth straight month.
- ▶ US job growth accelerated in April while wage gains increased solidly. The non-farms payroll report showed US employers added 253,000 new jobs in April, up from 165,000 in March. The unemployment rate fell back to 3.4%. The US Consumer Price Index (CPI) increased 4.9% from April 2022 to April 2023, just below the y-o-y increase of 5% in March. In May, US consumer sentiment slumped to a six-month low. The preliminary reading of the overall consumer sentiment index was 57.7, the lowest since November of the previous year and down from 63.5 in April. A separate

report from the Federal Reserve showed industrial production climbed by 0.5% in April, while revised data showed production was unchanged in each of the two previous months. Economic activity in the services sector expanded in May for the fifth consecutive month as the Services PMI® registered 50.3%.

- ▶ Japan's economy grew 1.6% in the first quarter of the year on an annualized basis. Quarter-on-quarter, the economy grew 0.4%, also higher than forecasts to see 0.1% growth. Japan's core inflation nationwide rose 3.4% year-on-year in April. The reading ticked up higher from the previous month's inflation rate of 3.1% and marked levels above the central bank's target of 2%. Overall inflation also ticked up from 3.2% in March to 3.5% in April. Japan's manufacturing purchasing managers' index (PMI) increased to 50.8 in May 2023, compared to 49.5 in April 2023, according to a report by Au Jibun Bank. Japan PMI Services was finalized at 55.9 in May, up from April's 55.4, setting another fresh series record. PMI Composite was finalized at 54.3, up from April's 52.9.
- ▶ The European Commission lifted its GDP estimate higher for this year, now forecasting 1% growth, up from a previous 0.8% estimate. However, it also raised its forecasts for inflation for the euro area to 5.8% this year and 2.8% in 2024, expecting the European Central Bank to continue with rate hikes, potentially adding to growth concerns. UK inflation fell from 10.1% to 8.7%. Data from the German statistics office showed a downward revision to GDP from zero to -0.3% for the first three months of the year, placing Europe's biggest economy in a technical recession. Euro zone business growth remained resilient but slowed slightly more than thought this month as the bloc's dominant services industry lost a little of its shine and the downturn in the manufacturing sector deepened. A flash Composite Purchasing Managers' Index (PMI) for the bloc, compiled by S&P Global and seen as a good gauge of overall economic health, fell to 53.3 in May from April's 54.1.

Flow of liquidity from the FIIs buoyed the sentiments in Indian equity market. This was further supported by strong earnings by India Inc. In US, there is a growing chorus among investors for the Fed to pause its rate hikes given worries about the economy. With this backdrop, Indian markets are likely to remain positive with some volatility.

## TECHNICAL VIEW

Indices began the month on a positive note and maintained the momentum. Nifty witnessed a positive run in the month as it closed above psychologically important level of 18000. Nifty gained more than 2.5% in the month.

On weekly chart, Nifty has closed above all its key averages. Monthly as well as weekly RSI is placed above its average. It is the third month Nifty has closed in green.

Going ahead, 18800, near Nifty's all time-highest closing level remains a crucial resistance level. A move above this would take Nifty to an uncharted territory, where Nifty could see some profit-taking. Support is placed at 18200 below which 18000 would be the psychologically important support level.



### GAINERS AND LOSERS OF THE MONTH (NIFTY-50)

GAINERS			
COMPANY	OPEN	CLOSE	%
Adani Enterprises Ltd.	1935	2493.35	28.86%
H D F C Life Insurance Co. Ltd.	530	592.35	11.76%
Indusind Bank Ltd.	1158.95	1286.6	11.01%
Bajaj Finance Ltd.	6330	6989.85	10.42%
Eicher Motors Ltd.	3326.95	3671.95	10.37%

LOSERS			
COMPANY	OPEN	CLOSE	%
Dr. Reddy'S Laboratories Ltd.	4903.4	4501.05	-8.21%
U P L Ltd.	744.3	685.1	-7.95%
Hindalco Industries Ltd.	439	405.9	-7.54%
Larsen & Toubro Ltd.	2373.2	2205.65	-7.06%
Housing Development Fin. Corp. Ltd.	2791.5	2640.4	-5.41%

## MUTUAL FUNDS PERFORMANCE

NAV as on 31 May 2023

Return %

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Aditya Birla SL Liquid Fund Reg (G)	364.00	0.58	1.86	3.48	6.29
Axis Liquid Fund (G)	2513.17	0.58	1.83	3.45	6.29
Bank of India Liquid Fund Reg (G)	2597.39	0.58	1.81	3.43	6.29

Arbitrage Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
SBI Arbitrage Opp Fund Reg (G)	29.15	0.72	1.92	3.82	6.01
Kotak Equity Arbitrage Fund (G)	32.19	0.57	1.78	3.62	5.71
DSP Arbitrage Fund Reg Plan (G)	12.93	0.58	1.75	3.58	5.61
Edelweiss Arbitrage Fund Reg (G)	16.71	0.57	1.75	3.53	5.57

Hybrid Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
Quant Absolute Fund (G)	299.95	9.05	11.65	34.06	18.45
ICICI Pru Equity & Debt Fund (G)	251.66	13.43	16.87	28.61	14.81
HDFC Hybrid Equity Fund (G)	89.56	16.42	11.44	25.00	11.66

Hybrid Balanced Advantage Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Balanced Advantage Fund Reg (G)	54.48	10.17	8.98	17.60	10.10
Edelweiss Balanced Advantage Fund (G)	38.08	10.31	7.62	17.34	10.76
Aditya Birla SL Balanced Advantage Fund (G)	78.65	10.68	6.97	16.63	9.35
Nippon India Balanced Advantage Fund (G)	130.61	9.72	7.12	16.23	8.75
Tata Balanced Advantage Fund (G)	15.90	10.34	8.53	15.92	N/A

Hybrid Multi-Asset	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Multi Asset Fund (G)	499.76	15.42	17.86	27.42	14.44

Equity Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
Bandhan Sterling Value Fund Reg (G)	99.68	17.68	16.92	43.82	12.40
Templeton India Value Fund (G)	473.28	20.67	17.73	37.78	12.43
ICICI Pru Value Discovery Fund (G)	288.65	15.95	16.89	31.54	14.96
Nippon India Value Fund (G)	132.59	15.02	12.46	31.16	12.64

Equity Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC Focused 30 Fund (G)	139.20	20.24	20.47	33.81	12.28
Nippon India Focused Equity Fund (G)	83.29	11.57	10.61	31.25	12.20
Franklin India Focused Equity Fund (G)	72.33	16.05	11.57	30.11	13.43
Tata Focused Equity Fund Reg (G)	16.00	12.61	10.51	26.94	N/A

Tax Saving Schemes (ELSS)	NAV	1 YR	2 YR	3 YR	5 YR
Quant Tax Plan (G)	240.72	11.07	12.74	42.32	21.68
Bandhan Tax Advantage Reg (G)	107.03	15.52	13.24	36.05	12.96
Parag Parikh Tax Saver Fund (G)	21.18	15.37	15.54	30.05	N/A
Kotak Tax Saver Fund (G)	79	16.2	12.2	27.66	14.03

Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 Y
Nippon India Large Cap Fund (G)	59.05	21.20	16.44	31.32	12.99
HDFC Top 100 Fund (G)	787.43	16.55	12.80	27.68	12.02
SBI Blue Chip Fund Reg (G)	67.13	15.92	11.15	26.23	11.75
ICICI Pru Bluechip Fund Reg (G)	71.51	13.44	11.93	25.75	12.12

Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Motilal Oswal Midcap Fund Reg (G)	55.86	27.78	27.81	40.85	16.68
SBI Magnum MidCap Fund Reg (G)	159.09	18.58	18.31	39.44	15.79
Quant MidCap Fund (G)	135.43	13.61	15.88	37.78	18.98
HDFC Mid Cap Opportunities Fund (G)	110.31	26.07	17.65	36.78	14.04

Large & Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC Large And Mid Cap Fund Reg (G)	209.85	17.28	15.05	33.10	13.72
ICICI Pru Large & Mid Cap Fund Reg (G)	607.97	16.25	17.35	32.32	13.92
SBI Large & Midcap Fund Reg (G)	414.96	19.12	14.12	31.68	14.28
Kotak Equity Opportunities Fund (G)	219.34	17.45	12.76	27.29	13.97

Small Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Quant Small Cap Fund (G)	152.60	25.65	19.80	63.25	24.61
Nippon India Small Cap Fund (G)	102.20	26.87	23.15	49.39	18.41
HDFC Small Cap Fund (G)	89.04	32.32	21.01	47.04	14.06
ICICI Pru Smallcap Fund Reg (G)	58.15	18.29	18.83	46.30	16.31

Flexicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Quant Flexi Cap Fund (G)	63.23	15.69	13.62	40.77	18.79
HDFC Flexi Cap Fund Reg (G)	1196.15	19.90	16.86	33.71	14.32
Franklin India Flexi Cap Fund (G)	1033.84	13.78	12.16	29.79	12.26
Parag Parikh Flexi Cap Fund Reg (G)	54.35	16.63	14.15	29.30	18.08
SBI Flexi Cap Fund Reg (G)	80.35	12.04	9.16	25.55	11.11

Multicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Nippon India Multi Cap Fund (G)	179.55	25.12	21.92	39.13	14.52
Quant Active Fund (G)	444.97	12.31	11.70	38.85	20.19
Sundaram Multi Cap Fund (Formerly Principal Multi Cap Growth) Reg (G)	245.13	11.09	12.36	28.43	11.17
ICICI Pru Multicap Fund Reg (G)	489.91	17.19	11.94	28.32	12.31

Sector & Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Infrastructure Fund Reg (G)	108.27	29.71	26.26	43.88	16
DSP India T.I.G.E.R. Fund Reg (G)	174.95	23.97	20.20	38.43	13.13
ICICI Pru Technology Fund (G)	136.23	-0.56	7.37	37.86	20.10
ICICI Pru India Opportunities Fund (G)	21.05	19.33	19.50	35.97	N/A
SBI Consumption Opportunities Fund (G)	219.61	19.51	19.94	35.2	12.8
Aditya Birla SL Digital India Fund Reg (G)	122.87	5.06	7.71	35.00	19.51
Sundaram Services Fund (G)	22.53	13.84	14.14	31.41	N/A
Kotak Pioneer Fund (G)	19.198	14.47	9.1	29.88	N/A
SBI Banking & Financial Services Fund Reg (G)	27.12	16.73	6.62	26.02	11.00
Tata Banking and Financial Services Fund Reg (G)	29.65	26.22	9.34	25.65	10.33
Aditya Birla SL India Gen Next Fund Reg (G)	149.25	15.06	12.76	25.58	13.38
ICICI Pru Pharma Healthcare And Diagnostics Fund (G)	20.05	8.38	0.38	17.56	N/A
Mirae Asset Healthcare Fund (G)	21.38	2.74	0.07	15.98	N/A

Index	NAV	1 YR	2 YR	3 YR	5 YR
S&P BSE Sensex	62622.24	12.70	9.81	24.48	12.13
NSE - Nifty 50	18534.40	11.76	9.06	24.55	11.53

### CORPORATE ACTIONS IN JUNE 2023

COMPANY	RECORD DATE	PURPOSE
Asian Paints	09/06/2023	2125% Final Dividend
HDFC AMC	09/06/2023	Rs.48 per share (960%) Dividend
HDFC Life Insur.	16/06/2023	Rs.1.9 per share (19%) Final Dividend
Torrent Pharma.	23/06/2023	Rs.8 per share (160%) Final Dividend
Bajaj Auto	30/06/2023	1400% Final Dividend
Bajaj Finance	30/06/2023	Rs.30 per share (1500%) Final Dividend
Bajaj Finserv	30/06/2023	80% Final Dividend
Bajaj Holdings	30/06/2023	Rs.13 per share (130%) Final Dividend
Glaxosmi. Pharma	30/06/2023	Rs.32 per share (320%) Final Dividend
Syngene Intl.	30/06/2023	7.5% Special Dividend & 5% Final Dividend

## COMPANY ANALYSIS

### LLOYDS STEELS INDUSTRIES LIMITED

**CMP** (As on 31 May 2023) – 22

**INDUSTRY - STEEL**

**JUNE 2023**

**SENSEX – 62622 NIFTY – 18534**

<b>Mkt. Cap.</b>	:	2425.23 Cr
<b>Equity</b>	:	98.86
<b>Trading Vol.</b>	:	3915862
<b>52 Week High/Low</b>	:	25/8
<b>Face Value</b>	:	2

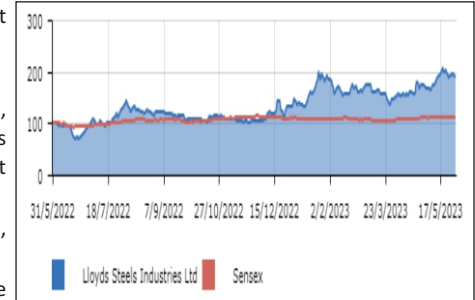
<b>BSE Group</b>	:	A
<b>BSE Code</b>	:	539992
<b>NSE Symbol</b>	:	LLOYDSTEEL
<b>Bloomberg</b>	:	LSILININ
<b>Reuters</b>	:	LSIL.BO

<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	60.64
<b>Institutions</b>	:	1.95
<b>Public</b>	:	0.76
<b>Others</b>	:	36.66

Lloyds Steels Industries Ltd (LSIL) started its operations in 1974 and is a complete Process plant equipment providing company in India.

#### Investment rationale

- ▶ LSIL provides a complete package of engineering and infrastructure solutions by carrying out designing, engineering, manufacturing, fabrication and installation. Its products cover a whole array of categories in Heavy Equipment, Machinery and Systems for Hydro Carbon Sector, Oil & Gas, Steel Plant Equipments, Power Plants, Nuclear Plant Boilers and Turnkey Projects.
- ▶ Its facilities are been approved by various authorities like Industrial Boiler Regulatory Authority, SGS UK, Petroleum and Explosives Safety organisation etc.
- ▶ LSIL has an in-house designing team which has successfully executed numerous projects, however, some projects require more specific technological know-how, and LSIL has technological tie-ups which further enhance the company's product offerings. It has collaboration agreements with L3 Harris for Marine/Defence. The Company has arrangement with Technip Energies, France for marine, truck/wagon loading arms and piggable systems.
- ▶ With a promising industry outlook, LSIL has already begun by enhancing its capacities. LSIL is planning to spend Rs 50 crores during FY23/FY24. It has upgraded its capacities with most modern manufacturing and material handling facilities. To augment its machining facility, the company has also added CNC Tube sheet drilling machine upto 1000 mm thickness so that it can be one of the few companies to cater to larger heat exchangers for various applications. The capacity expansion at the Company's manufacturing facility will augment the captive requirements and boost external sales.
- ▶ Order book stands nearly at Rs. 482.3 crores which offers strong revenue visibility. 43% of the order book is from Steel industry, 23% from Civil, 17% from Hydro-carbon, 13% from Power, 2% from Defence and Marine each indicating a diversified product mix.
- ▶ It has reported growth in sales as well as net profit in last 4 quarters. Company remains Net Debt-free.



The manufacturing sector in India is anticipated to grow more than six times by 2025, reaching USD 1 trillion, as a result of the country's growing demand and the aim of international manufacturing corporations to diversify their production by establishing low cost factories outside of China. India is about to embark on a multi-year CAPEX cycle driven by government-funded infrastructure. We recommend investing with a long term perspective.

#### Financial Performance (Rs. Crore)

Year End	202303	202203	202103	202003	201903
Equity	98.87	89.87	89.87	89.87	89.87
Networth	195.36	135.24	113.45	112.39	109.54
Debt	6.23	25.75	4.81	1.07	1.18
Sales	312.61	50.1	70.05	114.46	97.72
Other Income	5.8	9.75	13.09	8.3	10.04
Operating profit	55.54	14.47	3.05	5.38	4.54
PAT	36.82	5.95	0.5	2.51	2.88
Book Value (Rs)	1.83	1.33	1.26	1.25	1.22
EPS (Rs.)	0.36	0.07	0.01	0.03	0.03
Dividend (%)	0	5	0	0	0
Payout (%)	0	0	0	0	0

#### Latest Results (Rs. Crore)

Quarter Ended	202303	202203	Var. (%)
Sales	173.85	18.25	852.60
Other Income	1.25	1.12	11.61
PBIDT	14.13	8.37	68.82
PBT	12.12	7.41	63.56
PAT	6.42	1.25	413.60

## COMPANY ANALYSIS REVIEW

### AMARA RAJA BATTERIES LIMITED

**CMP** (As on 31 May 2023) – 601

**INDUSTRY - STORAGE BATTERIES**

**JUNE 2023**

<b>Mkt. Cap.</b>	:	10267.54 Cr
<b>Equity</b>	:	17.08
<b>Trading Vol.</b>	:	595864
<b>52 Week High/Low</b>	:	669/438
<b>Face Value</b>	:	1

<b>BSE Group</b>	:	A
<b>BSE Code</b>	:	500008
<b>NSE Symbol</b>	:	AMARAJABAT
<b>Bloomberg</b>	:	AMRJIN
<b>Reuters</b>	:	AMAR.BO

<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	28.06
<b>Institutions</b>	:	10.65
<b>Public</b>	:	39.23
<b>Others</b>	:	22.06



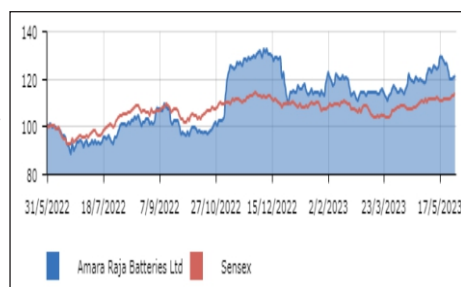
The stock was earlier recommended in our Sajag Online publication of July 2021. We maintain a positive outlook of the stock owing to sound fundamentals and improving business outlook.

Amara Raja Batteries Limited is the technology leader and one of the largest manufacturers of lead-acid batteries for both industrial and automotive applications in the Indian storage battery industry.

#### Investment rationale

- ▶ The Company is a leading manufacturer of automotive batteries and home UPS/Inverter batteries under the brands Amaron® and PowerZone™, which are distributed through pan-India sales & service retail network. ARBL supplies automotive batteries under OE relationships to Ford India, Honda, Hyundai, Mahindra & Mahindra, Maruti Suzuki, Ashok Leyland, and Tata Motors, Honda Motorcycles & Scooters India Private Ltd, Royal Enfield, Bajaj Auto Ltd among others. ARBL is also the leading private label supplier for prominent brands.
- ▶ In India, ARBL is the preferred supplier to major telecom service providers, telecom equipment manufacturers, the UPS sector (OEM & Replacement), Indian Railways and to the Power, Oil & Gas, Motive among other industry segments.
- ▶ The firm witnessed increase in market share for both OEM and Aftermarket segments in automotive batteries. It reported strong growth in the Telecom and Data Center segment on the basis of new digital platforms for enhanced customer support. The Lithium-Ion battery packs and chargers business saw 3X growth in the fiscal. It is currently in the process of launching a new brand of batteries in the domestic market and expanding our international operations as well.

The battery manufacturer has recorded an impressive revenue growth, on the back of strong volume growth in both automotive and industrial applications across all customer segments. Sales revenues of the storage batteries industry grew by a smart 6.8% in the Q4 FY23 while Amara Raja reported a growth of 11.4%. We recommend investing with a long term perspective.



#### Consolidated Financial Performance (Rs. Crore)

Year End	202303	202203	202103	202003	201903
Equity	17.08	17.08	17.08	17.08	17.08
Networth	5,297.84	4,552.48	4,209.99	3,655.31	3,335.04
Debt	106.81	125.89	92.32	83.9	58.43
Sales	10,385.91	8,697.15	7,149.78	6,839.17	6,793.11
Other Income	89.33	77.98	87.36	55.05	46.77
Operating profit	1,396.88	1,101.94	1,203.04	1,153.59	998.26
PAT	694.41	509.18	637.05	648.33	481.99
Book Value (Rs)	310.15	266.54	246.49	214.01	195.26
EPS (Rs.)	40.65	30.01	37.87	38.69	28.29
Dividend (%)	610	450	1,100.00	1,100.00	708
Payout (%)	15	33.33	13.2	44.15	14.88

#### Latest Results (Rs. Crore)

Quarter Ended	202303	202203	Var. (%)
Sales	2429.44	2180.96	11.39
Other Income	24.56	15.97	53.79
PBIDT	214.25	236.15	-9.27
PBT	193.57	132.8	45.76
PAT	139.42	98.85	41.04

## SUN PHARMACEUTICALS INDUSTRIES LIMITED

CMP (As on 31 May 2023) – 975

Mkt. Cap.	: 234019.14 Cr
Equity	: 239.93
Trading Vol.	: 5595631
52 Week High/Low	: 1071/789
Face Value	: 1

INDUSTRY - PHARMACEUTICALS

BSE Group	: A
BSE Code	: 524715
NSE Symbol	: SUNPHARMA
Bloomberg	: SUNPIN
Reuters	: SUN.BO

JUNE 2023

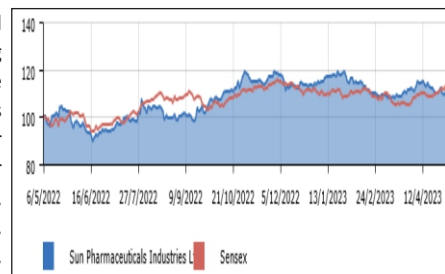
Shareholding Pattern	
Promoters	: 54.48
Institutions	: 21.53
Public	: 17.18
Others	: 6.82

The stock was earlier recommended in Sajag Online publication and our sector report on Pharmaceuticals in 2017. We maintain a positive outlook of the company owing to regained optimism and improving business outlook.

Sun Pharmaceutical Industries Limited including its subsidiaries and associates is the fourth largest global specialty generic company. It is the largest Indian pharmaceutical company in the US and among the leading Indian pharmaceutical companies in emerging markets. The company manufactures and markets a large basket of pharmaceutical formulations covering a broad spectrum of chronic and acute therapies. It includes generics, branded generics, complex or difficult to make technology intensive products, over-the-counter products, anti-retrovirals, Active Pharmaceutical Ingredients and intermediates. The product portfolio of over 2000 high quality molecules covers multiple dosage forms, including tablets, capsules, injectables, inhalers, ointments, creams and liquids. The products cater to a vast range of therapeutic segments covering psychiatry, anti-infectives, neurology, cardiology, orthopaedic, diabetology, gastroenterology, ophthalmology, nephrology, urology, dermatology, gynaecology, respiratory, oncology, dental and nutritional.

#### Investment rationale

- ▶ In Q4FY23 and FY23 US Business saw 11% growth sustained by strong specialty performance and new launches mainly gRevlimid. Company expects sustained growth led by ramp up in gRevlimid, new launches (its US pipeline includes 97 ANDAs and 13 NDAs pending approval) and continued growth in specialty.
- ▶ Global specialty Biz reported 32% jump in sales Q4FY23. It added a NCE -Deuruxolitinib indicated for Alopecia Areata through the acquisition Concert Pharma, where the molecule successfully completed Ph 3 trial and got Fast Track designation from USFDA. Sun pharma is evaluating about it filing plans with



8mg dose as it is confident about the potential of the drug. Additionally, the R&D spend on the said molecule is already captured under its earlier said spend guidance of 7-8% of sales. It has also recently entered into a licensing pact with Philogen SpA to commercialise under-development skin cancer drug in Europe, Australia and New Zealand.

- ▶ India formulations (32% of business) reported 9% growth during Q4FY23 despite the high base of Covid. Going ahead, it expects to sustain growth momentum led by new launches (added 24 in FY23) and salesforce penetration (added 1000 MRs). On the regulatory side, resolution of Halol facility would take time but favorable USFDA report on Mohali site would help in new launches.
- ▶ Sun Pharma has proposed to fully acquire and delist Taro Pharma (78.5% subsidiary), which could lead to a total payment of US\$ 307mn. Taro has a cash position of US\$ 1.3bn.

Sun Pharma is a niche play in specialty products (dermatology, ophthalmology, and related oncology therapies) and retains largest market share in India. It has grown its sales at a CAGR of more than 10% in last 10 years. The company has given FY24 sales guidance at high single digit sales growth. We recommend investing with a long term perspective.

#### Consolidated Financial Performance (Rs. Crore)

Year End	202303 (P)	202203	202103	202003	201903
Equity	239.93	239.93	239.93	239.93	239.93
Networth	55,995.38	48,011.22	46,462.78	45,264.45	41,409.06
Debt	6,885.87	1,290.30	3,868.58	8,314.88	10,514.36
Sales	43,278.87	38,654.49	33,498.14	32,837.50	29,065.91
Other Income	606.81	1,075.47	859.17	651.59	1,025.49
Operating profit	12,109.86	6,752.41	5,020.75	7,365.10	6,118.70
PAT	8,560.84	6,717.12	5,728.26	3,960.73	3,661.85
Book Value (Rs)	233.37	200.11	193.65	188.66	172.59
EPS (Rs.)	35.3	13.64	12.1	15.69	11.11
Dividend (%)	1,150.00	1,000.00	750	400	275
Payout (%)	32.23	63.39	68.24	32.94	14.93

#### Latest Results (Rs. Crore)

Quarter Ended	202303	202203	Var. (%)
Sales	10725.57	9386.08	14.27
Other Income	373.28	113.59	228.62
PBIDT	3003.96	-1481.79	-302.73
PBT	2239.69	-2075.6	-207.91
PAT	2016.78	-2222.36	-190.75

Source: Company, Prowess, Capital line, Sajag Research

### Systematic investment in different equity oriented Mutual funds at the rate of Rs. 10000/- p.m. and its values at different time intervals.

Scheme	Value & Return (3 Yr)	%	Value & Return (5 Yr)	%	Value & Return (8 Yr)	%	Value & Return (10 Yr)	%	Value & Return (15 Yr)	%
<b>Total Investment :</b>	<b>360000</b>	<b>%</b>	<b>600000</b>	<b>%</b>	<b>960000</b>	<b>%</b>	<b>1200000</b>	<b>%</b>	<b>1800000</b>	<b>%</b>
Aditya Birla SL India Gen Next Fund Reg (G)	455,986	16.0	896,841	16.1	1,754,339	14.7	2,691,507	15	7,092,805	16.6
Canara Robeco Emerging equities Reg (G)	443,493	14.1	887,836	15.7	1,735,719	14.4	2,912,521	16.09	8,762,225	19.0
Kotak Emerging Equity (G)	484,335	20.3	999,769	20.6	1,925,083	16.9	3,155,907	18.04	8,104,441	18.1
Nippon India Small Cap Fund (G)	567,047	31.9	1,210,500	28.5	2,389,097	22.1	4,109,567	23.30	N/A	N/A
SBI Large & MidCap Fund Reg (G)	482,074	20.0	952,716	18.6	1,803,170	15.3	2,711,116	15.60	6,409,993	15.5

\*Past performance of Mutual Funds is not an indicator for future performance.

## INVESTMENT IDEAS - MEDIUM TERM (3-6 MONTHS)

### DEEPAK NITRITE LIMITED

CMP (AS ON 31 MAY 2023) - 2073

TARGET - 2315

Deepak Nitrite Limited (DNL) is one of India's leading and fastest growing chemical intermediates manufacturing companies. It has a diversified portfolio of chemical intermediates that cater to various end-user industries and falls under Strategic Business Units of Basic Chemicals, Fine and Speciality Chemicals and Performance Products. Its manufacturing facilities are located at Nandesari and Dahej in Gujarat, Roha and Taloja in Maharashtra, and Hyderabad in Telengana. The company is aggressively pursuing both backward and forward integration. The company has announced Rs 5,000-crore investment plan for Gujarat. The company aims to manufacture specialty chemicals, phenol/acetone and bisphenol at Dahej and Nandesari in Gujarat. The management expects strong performance as the global supply chain shifts to India, despite input prices remaining at elevated levels. The company expects to double its revenue in the next four years.

### FINOLEX CABLES LIMITED

CMP (AS ON 31 MAY 2023) - 800

TARGET - 935

Finolex Cables Limited has emerged as India's largest and leading manufacturer of electrical and telecommunication cables. The Company is principally engaged in the manufacturing of of Electricals Cables, Communication Cables & Other Electrical Appliances.

The Company got into the business segment of Fast-Moving Electrical Goods (FMEG) for all electrical products. The addition of a broad range of FMEG products to its well-established cables and wires portfolio bolstered its presence in the margin accretive B2C market. It announced setting up of a plant to manufacture preforms for drawing fibre, enhancing the fibre cabling capacity with backward integration (margin accretive), post which the total capacity will go to 10mn km. Finolex saw volume growth in Q4 in its wires and cables segment. The management expect 13-14% EBITDA margins to be sustainable going ahead. It is also confident of reaching topline of Rs 11bn in 5 yrs, FMEG to clock Rs 5bn in 2-3 yrs.

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*We have the authorised persons at following locations*

Area	Contact Person	Tel. No.	Area	Contact Person	Tel. No.
Aundh	Mr. Jaydeep Doshi	25890824	Paud Road	Mr. Sadanand Damle	9850845567
Boat Club Road	Mr. Naresh Karpe	41204584	Phadke Haud	Mr. Jayant Mundada	9850990766
Camp	Mr. Naresh Karpe	26346310	Sadashiv Peth	Mr. C. V. Sane	24475457 (Res.)
Dahanukar Colony	Mr. Abhay Oak	25444744	Sahakar Nagar	Mr. Tejas Jaykar	9765173434
ITI Road, Aundh	Mr. Ravi Jadhav	25888511	Aurangabad	Mr. Amit Vaidya	0240-2347584
Kalyani Nagar	Ms. Bernadette Dias	9422449266	Aurangabad	Mr. Abhijit Bhaiwal	0240-2361421
Karve Nagar	Ms. Prajakta Bedekar	8600993930	Sangli	Mr. Dattaji Gaikwad	0233-6600566
Kondhwa	Mr. Santosh Gupte	26836366	Satara	Mr. Vinod Jhamvar	02162-233906
Koregaon Park	Mr. Ajit Godbole/Mr. Ninad Parundekar	26158889	Shrirampur	Mr. Amit Somani	02422-228111

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Contact : **RASHMI**, Tel.No : **020 6601 47 37** or send e-mail at '[rashmi@sajag.co.in](mailto:rashmi@sajag.co.in)' for further clarification.

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