

**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, FY24 GDP growth forecast at 6.5%

Time period	31/7/2023	30/6/2023	31/12/2007
Nifty	19753.8	19189.05	6138
<b>Valuation</b>			
Trailing PE	23.01	22.36	27.62
Trailing PB	4.83	4.5	6.39
Mcap/GDP	1.63	1.58	1.23
<b>Nifty return</b>			
1 year	15.13%	21.60%	54.77%
2 year	11.95%	10.48%	47.11%
3 year	21.28%	23.04%	43.43%
<b>EPS growth</b>			
1 year	3.72%	6.05%	19.13%
2 year	21.29%	24.36%	15.95%
3 year	32.79%	29.91%	17.85%
<b>Other data points</b>			
Credit growth	20.00%	15.40%	25%
10-year bond yield	7.17	7.10	7.57
Brent Oil Futures	85.56	74.9	93.25
USD/INR	82.24	82.09	39.23
Gold (oz/USD)	1970.5	1929.4	843.2

Source: RBI, NSE, ET, Prowess

## MARKET REVIEW

### Indices trim gains after a record high!

Indian indices marked a record high in July, which was followed by some profit-booking.

Key developments during the month were,

- ▶ India's industrial production rose to 5.2% in May from 4.5% in April 2023, mainly due to good performance by the manufacturing and mining sectors. The Index of Industrial Production (IIP) stood at 19.7% in May 2022.
- ▶ India's retail inflation snapped a four-month decline and grew 4.81% in June as food prices surged. CPI inflation was 4.31% in May and 7% in June 2022. The annual rate of inflation based on all India Wholesale Price Index (WPI) number is - 4.12% (provisional) for the month of June 2023 (over June 2022) against -3.48% recorded in May 2023. The decline in the rate of inflation in June, 2023 is primarily due to fall in prices of mineral oils, food

products, basic metals, crude petroleum & natural gas and textiles.

- ▶ India exports in June dropped 22% to \$32.97 billion, mainly due to demand slowdown in the global markets from \$42.28 billion a year earlier. Imports also declined 17.48% to \$53.10 billion in June. India's merchandise trade deficit narrowed to \$20.13 billion in June 2023 from \$22.07 billion in the same month of the previous year. India's trade deficit has shown considerable decline in April-June 2023. Overall trade deficit for April-June 2023 is estimated at \$22.59 billion as compared to the deficit of \$31.49 billion during April-June 2022, registering a decline of 28.27%.
- ▶ India collected Rs 1.65 lakh crore Goods and Services Tax (GST) for the month of July, registering growth of 11% from a year earlier. The GST collections crossed the Rs. 1.60 lakh crore mark for the fifth time.
- ▶ India's July composite PMI increased to 61.9 in July from 59.4 in the previous month. India's service sector continued to witness substantial growth as service PMI came in at a 13-year high of 62.3 in July. The S&P Global Purchasing Managers' Index, for the month of July came in at 57.7.

Benchmark indices extended gains as the month began and hit new highs. Strong foreign fund flows and encouraging Q1 business updates supported the momentum on Dalal Street. FIIs were net buyers to the tune of Rs. 13,922 crores in the month of the July. Meanwhile, Prime Minister Narendra Modi laid bare his blueprint for a third term of his government, saying India will become the third largest economy in the world with a faster growth rate than now.

The positive movement in key equity indices was supported by favorable global conditions viz. robustness of the US economy, which is displaying no indications of a recession. Investors cheered the US GDP data as US economy expanded an annualized 2.4% in Q2, higher than 2% in the previous period. The annual consumer inflation rate in the US slowed to 3% in June, the lowest since March of 2021. The US Federal Reserve raised its benchmark interest rate by a widely expected 25 basis points to a range of 5.25%-5.5%, marking the 11th hike in the central bank's past 12 policy meetings.

### Market Outlook

Among the Group of 20 nations, headline inflation seems to have peaked, according to the IMF. However, in the advanced economies, core inflation remains well above central banks'



### Performance of key sectoral indices

Nifty FMCG	0.65%	Nifty Infrastructure	6.20%
Nifty India Consumption	0.79%	Nifty Metal	8.06%
Nifty IT	0.94%	Nifty Energy	8.40%
Nifty Bank	1.54%	Nifty Pharma	8.67%
Nifty MNC	2.68%	Nifty Realty	9.06%
Nifty Auto	3.36%		

targets. "In the fight against inflation there are some early signs of monetary policy transmitting to activity, with bank lending standards tightening in the euro area and the United States. That said, policymakers should avoid premature celebrations" as quoted by IMF managing director. The IMF forecasts global growth over the medium-term to fall around 3%, lower than the historical average of 3.8% over 2000 to 2019.

- ▶ The International Monetary Fund (IMF) has raised its GDP growth forecast for India for 2023-24 to 6.1% from 5.9% due to the blowout growth number for January-March. The IMF continues to see India's GDP growing by 6.3% in 2024-25.
- ▶ The Labor Department's June jobs report showed payrolls increased less than expected, cooling down from May. Nonfarm payrolls rose by 209,000, while the unemployment rate came in at 3.6%. The consumer price index increased by 3% annually, down from 4% in May. Meanwhile, core CPI, which strips out more volatile items like food and energy, cooled to 4.8% yearly and 0.2% monthly. US retail sales rose 0.2%, less than expected in June. Economic activity in the services sector expanded in July for the seventh consecutive month as the Services PMI® registered 52.7. The final July S&P Global manufacturing PMI for US stands at 49.
- ▶ HCOB's final euro zone manufacturing PMI, compiled by S&P Global, fell to 42.7 in July from June's 43.4, its lowest reading since May 2020 and matching a preliminary figure. Britain's annual CPI stood at 7.9% in June, a fall from 8.7% the prior month and below the expected drop to 8.1%.

German producer prices rose by 0.1% y-o-y in June. The European Central Bank (ECB) increased the key interest rate in the eurozone by 0.25 percentage points to 4.25%. The decision to hike rates for a ninth straight time is part of an ongoing campaign to bring down inflation. ECB President Christine Lagarde told a press conference that the bank will keep an "open mind" on future rate decisions.

- ▶ Japan's corporate goods price index rose at a slower pace of 4.1% y-o-y in June, the sixth straight month that growth has slowed. Consumer prices rose 3.3% year-on-year in June, with the pace of inflation accelerating from the 3.2% recorded in May. Japan recorded a surprise trade surplus of 43.05 billion yen (\$308.5 million) in June. This was a sharp reversal from the 1.38 trillion yen deficit recorded in May, and the 1.37 trillion yen seen in June 2022. Japan's manufacturing activity extended declines in July, as the au Jibun Bank flash Japan manufacturing purchasing managers' index (PMI) fell to 49.4 in July from 49.8 in June.
- ▶ China's economy grew slightly more than expected in the Q2 of 2023, but growth still slowed substantially from the prior quarter as a post-COVID economic recovery ran out of steam. GDP grew 0.8% from the prior quarter. China left its one year and five year loan prime rates unchanged at 3.55% and 4.2% respectively. The country will employ more measures to support the yuan. On the stimulus front, China's top economic planner, the National Development and Reform Commission, unveiled new measures aimed at supporting spending on automobiles and consumer electronics. China's factory activity swung to contraction in July, a private sector survey showed, with supply, demand and export orders all deteriorating as firms blamed sluggish market conditions at home and abroad. The Caixin/S&P Global manufacturing purchasing managers' index, or PMI, fell to 49.2 in July from 50.5 in June

The global liquidity flows remain positive while Central Banks are trying to reign in the inflation. In this backdrop, with bouts of profit-taking at higher intervals, the structural trend for domestic indices remains positive.

## TECHNICAL VIEW

Indian indices witnessed bullish July as Nifty hit a record high of 19991. At this level, Nifty did see some profit-taking off the tables as Nifty closed the month at 19753 with a gain of nearly 3% in the month.

On weekly chart, after a continuous positive run for many weeks, Nifty closed in red, though remains above all its key averages. Weekly RSI has moved below its average after moving in an over-bought zone. Monthly RSI is placed above its average.

As mentioned in our earlier report, Nifty could witness some bout of profit-taking in an uncharted territory. Going ahead, 19900-20000 remains a strong resistance for Nifty, if Nifty crosses above 19750-19800. Profit-booking would seek strong support in the zone of 18800-19000. At lower level 18680 would be a support level. Nifty is likely to remain range-bound in 18800-19800.



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

GAINERS			
COMPANY	OPEN	CLOSE	%
Cipla Ltd.	1020.5	1175	15.14%
N T P C Ltd.	190	218.35	14.92%
Hero Motocorp Ltd.	2875	3203.7	11.43%
Oil & Natural Gas Corporation.Ltd.	160.3	177.05	10.45%
Tata Steel Ltd.	112.25	123.15	9.71%

LOSERS			
COMPANY	OPEN	CLOSE	%
U P L Ltd.	688.4	624.7	-9.25%
LTI-Mindtree Ltd.	5226	4891.65	-6.40%
Eicher Motors Ltd.	3590.95	3365.5	-6.28%
H C L Technologies Ltd.	1190	1116.7	-6.16%
Britannia Industries Ltd.	5035	4793.95	-4.79%

**SAJAG STOCK HOTLINE 020 2530 24 00**

## MUTUAL FUNDS PERFORMANCE

NAV as on 31 July 2023

Return %

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Canara Robeco Liquid Fund Reg plan (G)	2748.24	0.56	1.73	3.47	6.67
Axis Liquid Fund (G)	2541.41	0.56	1.73	3.48	6.66
Aditya Birla SL Liquid Fund Reg (G)	368.07	0.56	1.72	3.50	6.66
Arbitrage Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Kotak Equity Arbitrage Fund (G)	32.57	0.51	1.76	3.74	6.62
DSP Arbitrage Fund Reg Plan (G)	13.07	0.52	1.73	3.58	6.47
Bandhan Arbitrage Fund Reg (G)	28.34	0.50	1.68	3.64	6.45
Hybrid Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Equity & Debt Fund (G)	273.75	21.34	18.69	29.39	16.39
HDFC Hybrid Equity Fund (G)	94.97	19.17	12.82	22.93	12.73
Kotak Equity Hybrid (G)	45.95	15.78	11.51	22.83	13.38
Hybrid Balanced Advantage Funds	NAV	1 YR	2 YR	3 YR	5 YR
Edelweiss Balanced Advantage Fund (G)	40.07	13.19	8.52	15.60	11.06
ICICI Pru Balanced Advantage Fund Reg (G)	56.68	11.88	10.15	15.35	10.78
Aditya Birla SL Balanced Advantage Fund (G)	82.45	13.38	7.77	14.69	10.07
Tata Balanced Advantage Fund (G)	16.69	13.21	9.59	14.66	N/A
Nippon India Balanced Advantage Fund (G)	136.83	11.35	7.43	14.51	9.45
Hybrid Multi-Asset	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Multi Asset Fund (G)	536.55	20.78	19.13	26.50	15.91
Equity Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
Bandhan Sterling Value Fund Reg (G)	109.69	25.63	16.58	40.45	14.94
Templeton India Value Fund (G)	514.34	25.46	19.23	36.16	14.21
ICICI Pru Value Discovery Fund (G)	316.40	24.26	19.62	29.90	16.47
Nippon India Value Fund (G)	147.31	22.39	13.94	29.18	14.93
Equity Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC Focused 30 Fund (G)	150.96	25.09	22.18	31.85	14.21
Franklin India Focused Equity Fund (G)	79.23	20.01	14.64	30.02	15.03
Nippon India Focused Equity Fund (G)	90.38	14.79	12.94	28.83	13.65
ICICI Pru Focused Equity Fund Reg (G)	60.34	22.59	15.50	25.73	14.72
Tax Saving Schemes (ELSS)	NAV	1 YR	2 YR	3 YR	5 YR
Quant Tax Plan (G)	267.78	19.55	13.41	37.54	23.47
Bandhan Tax Advantage Reg (G)	117.50	23.64	15.30	32.91	15.43
Nippon India Tax Saver (G)	90.82	18.21	13.77	27.91	9.78
HDFC Tax Saver (G)	929.99	23.23	18.15	27.56	12.36
SBI Long Term Equity Fund Reg (G)	283.92	28.66	17.15	27.27	14.95
Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Nippon India Large Cap Fund (G)	64.57	25.24	19.62	30.06	14.10
HDFC Top 100 Fund (G)	855.24	21.87	16.82	26.22	12.98
ICICI Pru Bluechip Fund Reg (G)	77.38	18.90	14.54	24.27	13.18
SBI Blue Chip Fund Reg (G)	71.62	18.57	12.80	23.86	12.77
Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Quant MidCap Fund (G)	155.96	26.36	18.86	38.67	21.76
Motilal Oswal Midcap Fund Reg (G)	59.20	26.10	25.45	37.59	17.44
HDFC Mid Cap Opportunities Fund (G)	125.66	35.07	21.04	36.35	16.98
SBI Magnum MidCap Fund Reg (G)	173.21	22.41	17.43	35.80	18.29

Large & Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC Large And Mid Cap Fund Reg (G)	235.96	25.31	17.86	32.61	15.93
ICICI Pru Large & Mid Cap Fund Reg (G)	667.63	22.75	18.61	31.81	15.96
SBI Large & Midcap Fund Reg (G)	448.20	22.61	14.83	29.64	15.89
UTI Core Equity Fund (G)	119.90	23.50	13.17	29.05	13.56

Small Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Quant Small Cap Fund (G)	173.97	39.90	16.97	51.01	27.64
Nippon India Small Cap Fund (G)	115.69	35.82	22.35	47.29	22.29
HSBC Small Cap Fund Reg (G)	57.95	30.22	19.98	44.83	16.80
HDFC Small Cap Fund (G)	100.64	41.82	19.39	43.89	17.64

Flexicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Quant Flexi Cap Fund (G)	70.21	24.42	12.91	37.66	21.30
HDFC Flexi Cap Fund Reg (G)	1309.88	25.04	20.61	32.85	15.64
Franklin India Flexi Cap Fund (G)	1137.18	21.66	14.66	28.83	13.87
Parag Parikh Flexi Cap Fund Reg (G)	57.06	21.63	11.49	25.05	18.17

Multicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Nippon India Multi Cap Fund (G)	202.51	31.33	24.56	39.13	17.11
Quant Active Fund (G)	494.03	20.24	13.22	34.00	22.07
ICICI Pru Multicap Fund Reg (G)	542.94	22.95	13.50	28.21	13.40
Sundaram Multi Cap Fund (Formerly Principal Multi Cap Growth) Reg (G)	267.85	15.70	12.16	26.49	13.12

Sector & Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
DSP India T.I.G.E.R. Fund Reg (G)	199.46	34.42	21.48	39.17	16.69
Bandhan Infrastructure Fund Reg (G)	31.48	36.81	16.74	39.81	14.02
ICICI Pru India Opportunities Fund (G)	23.83	29.86	24.36	37.53	N/A
Sundaram Services Fund (G)	24.33	18.83	14.19	29.74	N/A
Kotak Pioneer Fund (G)	20.59	16.59	9.04	23.79	N/A
Aditya Birla SL India Gen Next Fund Reg (G)	161.30	16.72	13.79	24.95	14.29
Tata Banking and Financial Services Fund Reg (G)	32.23	29.72	14.12	25.05	11.42
SBI Magnum Global Fund Reg (G)	323.75	15.75	10.33	22.14	13.27
SBI Banking & Financial Services Fund Reg (G)	28.96	18.13	10.25	23.75	10.91
ICICI Pru Pharma Healthcare And Diagnostics Fund (G)	23.39	22.65	5.60	16.69	18.24
Mirae Asset Healthcare Fund (G)	25.11	17.06	3.94	16.54	19.85

Index	NAV	1 YR	2 YR	3 YR	5 YR
S&P BSE Sensex	66527.67	15.56	12.46	20.94	12.08
NSE - Nifty 50	19753.8	15.13	11.93	21.28	11.7

### CORPORATE ACTIONS IN AUGUST 2023

COMPANY	RECORD DATE	PURPOSE
SRF	01/08/2023	36% First Interim Dividend
Larsen & Toubro	02/08/2023	Rs.24 per share (1200%) Dividend
Larsen & Toubro	02/08/2023	Rs.6 per share (300%) Special Dividend
Kotak Mahindra Bank	04/08/2023	Rs.1.5 per share (30%) Final Dividend
Power Grid Corporation	08/08/2023	Rs.4.75 per share (47.5%) Final Dividend
JSW Steel	10/08/2023	Scheme of Amalgamation
B P C L	11/08/2023	40% Final Dividend
Divi's Lab.	11/08/2023	1500% Final Dividend
NTPC	11/08/2023	Rs.3 per share (30%) Final Dividend
P I Industries	11/08/2023	Rs.5.5 per share (550%) Final Dividend
Coal India	18/08/2023	Rs.4 per share (40%) Final Dividend
Apollo Hospitals	19/08/2023	Rs.9 per share (180%) Final Dividend
Page Industries	19/08/2023	First Interim Dividend

# COMPANY ANALYSIS

## AVENUE SUPERMARTS LIMITED

**CMP** (As on 31 July 2023) – **3752**

**INDUSTRY - RETAIL**

**AUGUST 2023**

**SENSEX – 66527    NIFTY – 19753**

<b>Mkt. Cap.</b>	: 243864.12 Cr
<b>Equity</b>	: 650.37
<b>Trading Vol.</b>	: 276799
<b>52 Week High/Low</b>	: 4606/3292
<b>Face Value</b>	: 10

<b>BSE Group</b>	: A
<b>BSE Code</b>	: 540376
<b>NSE Symbol</b>	: DMART
<b>Bloomberg</b>	: DMARTIN
<b>Reuters</b>	: AVEU.BO

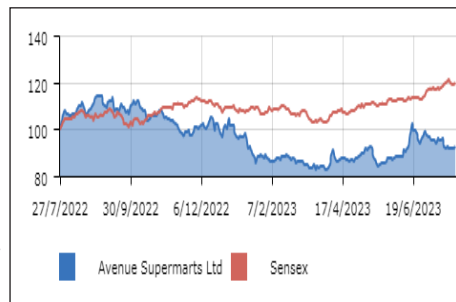
<b>Shareholding Pattern</b>	
<b>Promoters</b>	: 74.65
<b>Institutions</b>	: 7.92
<b>Public</b>	: 8.31
<b>Others</b>	: 9.13

Promoted by Radhakishan S Damani and incorporated in 2000, Avenue Supermarts Limited (DMart) is a national supermarket chain, with a focus on value-retailing. The Company offer a wide range of products with a focus on the Foods, Non-Foods (FMCG) and General Merchandise & Apparel product categories. Since launching of first store in 2002 in Mumbai, DMart has grown to 327 stores. The company has its headquarters in Mumbai.

### Investment rationale

- ▶ The company operates predominantly on an ownership model (including long-term lease arrangements, where lease period is more than 30 years and the building is owned by the company) rather than on a rental model. The company typically follow an attractive pricing strategy for all their products, relying on the strong supplier network, efficient supply chain management for procurement and careful product assortment. The brands D Mart, D Mart Minimax, D Mart Premia, D Homes, Dutch Harbour, etc are brands owned by ASL. Management has a long-term perspective when it comes to private labels.
- ▶ Over the last three years, Dmart has added stores predominantly in tier 2 and 3 markets and the store size in these markets is large. It is because land is relatively cheaper and also the management is opening bigger stores to target the entire sub-district comprising of multiple small towns at a driving distance of 30- 40 minutes.
- ▶ Dmart strengthened its backend capabilities in FY23, as it continues to venture into tier-2 and 3 markets and expand its DMart Ready business. The management is optimistic about the e-commerce business and has expressed reasonable clarity that it may not report significant losses.
- ▶ Dmart has five subsidiaries: Align Retail Trades (packing and selling of grocery products, spices, dry fruits, etc.), Avenue Food Plaza (operating food stalls at DMart stores), Avenue E-Commerce (online and multi-channel grocery retail under the brand name of DMart Ready) , Nahar Seth & Jogani Developers (development of land and construction) , Reflect Healthcare & Retail (commenced its operations in FY23 by launching first pharmacy outlet in the Mumbai Metropolitan Region).

Management guided that it would maintain its historical store-expansion run-rate, as it continues to operate under the cluster-based expansion strategy. Last quarter, in the general merchandise and apparels category (GM&A), general merchandise is mainly impacted by macro factors, but the apparels category is facing both macro factors and increased competitiveness. However, new categories (like Pharma, etc.) is likely to offset the impact. A zero debt company, the company has been generating positive CFO consistently. Average RONW has been 15%. We recommend investing with a long term perspective.



### Financial Performance (Rs. Crore)

Year End	202303	202203	202103	202003	201903
Equity	648.26	647.77	647.77	647.77	624.08
Networth	16,078.70	13,677.64	12,183.71	11,079.74	5,587.45
Debt	642.98	646.94	392.71	333.19	700.15
Sales	42,839.56	30,976.27	24,143.06	24,870.20	20,004.52
Other Income	129.34	117.49	196.21	59.99	48.35
Operating profit	3,766.37	2,615.99	1,939.26	2,188.30	1,681.64
PAT	2,373.32	1,492.69	1,098.92	1,291.79	894.77
Book Value (Rs)	248.03	211.15	188.09	171.04	89.53
EPS (Rs.)	36.69	23.04	16.97	20.09	14.46
Dividend (%)	0	0	0	0	0
Payout (%)	0	0	0	0	0

### Latest Results (Rs. Crore)

Quarter Ended	202306	202206	Var. (%)
Sales	11865.44	10038.07	18.20
Other Income	38.74	29.14	32.94
PBIDT	1074.01	1037.38	3.53
PBT	897.26	875.42	2.49
PAT	658.71	642.89	2.46

Visit us at [www.sajagonline.com](http://www.sajagonline.com)

# COMPANY ANALYSIS REVIEW

## PERSISTENT SYSTEMS LIMITED

**CMP (As on 31 July 2023) – 4744**

**INDUSTRY - IT/SOFTWARE**

**AUGUST 2023**

<b>Mkt. Cap.</b>	:	36261.75 Cr
<b>Equity</b>	:	76.43
<b>Trading Vol.</b>	:	256317
<b>52 Week High/Low</b>	:	5278/3091
<b>Face Value</b>	:	10

<b>BSE Group</b>	:	A
<b>BSE Code</b>	:	533179
<b>NSE Symbol</b>	:	PERSISTENT
<b>Bloomberg</b>	:	PSYSIN
<b>Reuters</b>	:	PERS.BO

<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	31.06
<b>Institutions</b>	:	28.81
<b>Public</b>	:	22.42
<b>Others</b>	:	17.70

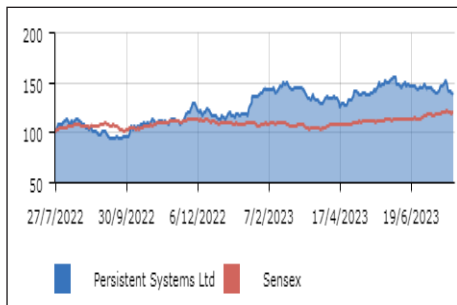
The stock was earlier recommended in our *Sajag Online* publication of August 2023. We maintain a positive outlook of the stock owing to sound fundamentals.

Persistent Systems Limited is a global company specializing in software products, services and technology innovation.

### Investment rationale

- ▶ Persistent delivered a strong performance in a weak macro environment with inline revenue and decent TCV wins. TCV stood at US\$ 380 million in Q1FY24 up 4% y-o-y. Revenue stood at US\$ 282.9 million up 2.9% q-o-q. Growth was led by IP business which was up 8.0% q-o-q, while Service business grew by 2.7% q-o-q. EBITDA margin stood at 18.2%.
- ▶ Growth was led by BFSI and Tech verticals while Healthcare was soft due to client specific issues. Top customer grew strongly for second consecutive quarter (13% q-o-q) and growth was broad based across top 20 account buckets. Going ahead, BFSI is expected to remain soft despite the healthy growth reported in Q1, while healthcare and Hi-Tech are likely to continue their growth momentum.
- ▶ The company has announced partnerships with leading hyper scalars to help them in their gen AI strategy. The company also won a deal for developing generative AI proofs of concept and building database connectors for server less data integration for a multinational technology company.
- ▶ A near zero debt company, it has consistently generated positive CFO. It has grown sales at a CAGR of 17% and PAT at 14%. It has maintained PBDITA margins in the range of 18-20%.

The company expects a stable performance in FY2024. The focus is on driving healthy and profitable growth with continued investments in S&M, AI, Cloud and Security. We recommend investing with a long term perspective.



### Consolidated Financial Performance (Rs. Crore)

Year End	202303	202203	202103	202003	201903
Equity	76.43	76.43	76.43	76.43	79.12
Networth	3,965.08	3,368.23	2,795.67	2,385.76	2,344.68
Debt	655.37	578.22	98.44	71.37	1.67
Sales	8,350.59	5,710.75	4,187.89	3,565.81	3,365.94
Other Income	70.62	143.96	107.77	132.38	87.66
Operating profit	1,560.09	1,102.13	790.79	624.63	643.9
PAT	928.39	662.93	426	329.16	324.89
Book Value (Rs)	518.82	440.72	365.81	312.17	296.35
EPS (Rs.)	120.52	90.34	58.97	44.53	44.45
Dividend (%)	500	310	200	120	110
Payout (%)	32.36	28.78	23.74	33.69	25.02

### Latest Results (Rs. Crore)

Quarter Ended	202306	202206	Var. (%)
Sales	2321.18	1878.11	23.59
Other Income	21.65	20.98	3.19
PBIDT	395.97	354.27	11.77
PBT	307.05	281.88	8.93
PAT	228.77	211.61	8.11

## SBI LIFE INSURANCE COMPANY LIMITED

**CMP (As on 31 July 2023) – 1282**

**INDUSTRY - INSURANCE**

**AUGUST 2023**

<b>Mkt. Cap.</b>	:	128240.53 Cr
<b>Equity</b>	:	1000.90
<b>Trading Vol.</b>	:	1061701
<b>52 Week High/Low</b>	:	1339/1035
<b>Face Value</b>	:	10

<b>BSE Group</b>	:	A
<b>BSE Code</b>	:	540719
<b>NSE Symbol</b>	:	SBILIFE
<b>Bloomberg</b>	:	SBILIFEIN
<b>Reuters</b>	:	SBIL.BO

<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	55.45
<b>Institutions</b>	:	14.58
<b>Public</b>	:	27.86
<b>Others</b>	:	2.11

The stock was earlier recommended in *Sajag Online* publication of August 2019.

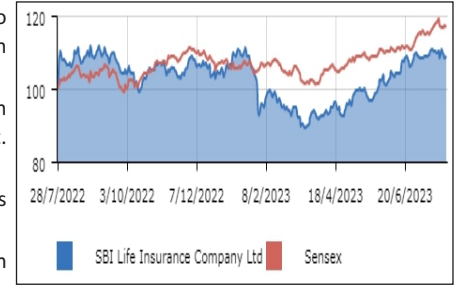
We remain optimistic of the company owing to proven record, strong parentage and positive business outlook.

SBI Life Insurance Company is India's largest private life insurer in terms of new business premium (NBP) and a subsidiary of India's largest bank - State Bank of India. SBI Life has 996 offices (39% in rural & semi urban areas) & 40k+ branches of distributors. Its product basket includes 34 individual & 9 group products to cater different needs of the customer.

### Investment rationale

- ▶ The company has developed a multi-channel distribution network comprising an expansive bancassurance channel, including State Bank of India, the largest

bancassurance partner in India, a large and productive individual agent network. This also helps it to maintain a low cost where Opex ratio is 6.5%. Management expects to maintain its cost leadership with further push for digitalization.



- ▶ The company has posted strong growth in Individual New Business Premium by 27% to Rs 20910 crore in FY23. The company expects growth momentum to sustain at 20-25% in FY24, as demand remains robust. AUM as at end of Q1 FY24 was Rs.3283 billion.
- ▶ The company has a deeper relationship with customers through quality underwriting and strong sales ethos. This is visible from its persistency ratios. 49th month ratio is as high as 70%.
- ▶ In the Q1 earnings concall, the management maintained the guidance of better-than-industry premium growth and a range-bound VNB (Value of New Business) margin of 28-30%. The management also acknowledged that in the near term, product-level margins are probably at optimum levels and the mix will be a key driver for the margin trajectory.

India is one of the fastest growing insurance markets in the world. It is the 9th largest country globally in terms of life premium volume and is expected to be 5th largest by 2032. It is one of the highest young population nations with median age of 28 years which indicate the potential of Insurance industry. SBI Life has a 27% NBP share in total industry. We recommend investing with a long term perspective.

### Consolidated Financial Performance (Rs. Crore)

Year End	202303	202203	202103	202003	201903
Equity	1000.89	1,000.37	1,000.07	1,000.03	1,000.00
Networth	12924.55	11,622.31	10,400.44	8,883.92	7,460.14
Debt	0	0	0	0	0
Sales	80,635.64	82,983.29	81,912.78	43,797.50	44,604.06
Other Income	1758.09	1032.31	866.92	528.83	176.29
Operating profit	1917.47	1,761.82	1,739.42	1,879.54	1,740.93
PAT	1720.57	1,506.00	1,455.85	1,414.17	1,251.37
Book Value (Rs)	129.12	116.18	104	87.43	75.76
EPS (Rs.)	17.19	15.05	14.56	14.22	13.27
Dividend (%)	25	20	25	0	20
Payout (%)	14.54	13.28	17.17	0	15.56

### Latest Results (Rs. Crore)

Quarter Ended	202306	202206	Var. (%)
Sales	13104.49	11036.02	18.74
Other Income	8.58	11.14	-22.98
PBIDT	432.64	300.85	43.81
PBT	432.64	300.85	43.81
PAT	381.04	262.85	44.96

Source: Company, Prowess, Capital line, Sajaq 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)	464,957	17	937,249	17.9	1,836,562	16	2,797,687	16.2	7,399,227	17.1
Canara Robeco Emerging equities Reg (G)	446,177	14.5	920,258	17.2	1,797,914	15.3	2,950,047	17.1	9,040,881	19.4
Kotak Emerging Equity (G)	492,279	21.5	1,059,114	23.0	2,041,884	18.4	3,293,027	19.2	8,626,368	18.8
Nippon India Small Cap Fund (G)	583,945	34.2	1,325,195	32.4	2,611,615	24.3	4,386,218	24.5	N/A	N/A
SBI Large & Midcap Fund Reg (G)	486,880	20.7	995,149	20.4	1,893,590	16.5	2,817,377	16.3	6,724,407	16.0

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

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

### THERMAX LIMITED

CMP (AS ON 31 JULY 2023) - 2599

TARGET - 2800

Headquartered in Pune, India, Thermax, a leading energy and environment solutions provider, is one of the few companies in the world that offers integrated innovative solutions in the areas of heating, cooling, power, water and waste management, air pollution control and chemicals. Thermax Limited offers solutions to energy, environment and chemical sectors. Thermax has manufacturing facilities in India, Europe and Southeast Asia and operates globally. On a consolidated basis, Thermax's net profit rose 1.7% to Rs 59.95 crore on 16.8% increase in revenue to Rs 1,932.96 crore in the Q1FY24 y-o-y. As on 30 June 2023, Thermax Group had an order balance of Rs 10,505 crore, up 10% y-o-y. Order booking for the quarter was 11% higher at Rs 2,267 crore. The company has been selective in picking industrial infra orders and has been working to finish the low margins legacy orders, which have been putting pressure on overall margins. The management is upbeat about fresh orders and enquiries from the manufacturing, energy transition, waste management sectors and a few others.

### JK LAKSHMI CEMENT LIMITED

CMP (AS ON 31 JULY 2023) - 609

TARGET - 700

JK Lakshmi Cement, part of the JK Group manufactures ordinary Portland cement, blended cement, ready-mix concrete, and autoclaved aerated concrete blocks. Consolidated cement capacity of it stood at 14 mtpa spread across 3 integrated cement plants at Chattisgarh, Rajasthan and grinding units at Haryana, Odisha and Gujarat. JKLC has a strong presence in the Northern, Western and Eastern regions and sells its products under the umbrella brand name JK Lakshmi Cement. Rajasthan and Gujarat form major markets, contributing more than 50% of the total sales volume, followed by Chhattisgarh and Odisha, which contribute 20%. Capacity utilization stood at 90% in FY 2023, up from 79% in FY2021. Captive power capacity (catering 75% of total power requirement of the company) and captive lime stone mines with reserves expected to support next 50 years of operations of it, the plants of it are highly cost efficient and among the lowest cost producer in the cement Industry. The company aims to reach 30 mtpa capacity by FY2030. The management maintains its cement volume growth guidance of 19% for FY24 and expects EBITDA/t to improve to INR 1,000 in the next 18 months.

*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

Visit us at

**WWW.sajagonline.com**

*For opening your account with us and Net Trading  
please contact Kiran - 020 6601 47 37*

**FOR PRIVATE CIRCULATION TO THE REGISTERED CLIENTS OF SAJAG SECURITIES PVT LTD ONLY**

**CERTIFICATION:**

This report is issued by Sajag Securities Pvt. Ltd. (SSPL) which is regulated by SEBI and its research activities are as per SEBI Guidelines for Research Analysts December 2014. Registration Number: INH000001923  
The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and / or securities, that the analyst have no known conflict of interest and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific views or recommendations contained in this research report. It is confirmed that the Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

**DISCLAIMER:**

This Document is for private circulation & for information purposes only. It does not have regard to specific investment objectives, financial situation & the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report & should understand that statements regarding future prospects may not be realised. In no circumstances to be used or considered as an offer to sell or solicitation of any offer to buy or sell the securities mentioned in it. The information in this document has been obtained from sources believed reliable, but we do not represent that it is accurate or complete. We hereby certify that the views expressed in this research report accurately reflect our personal views about the subject companies & their securities. We certify that we have not been, have not, & will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation in this report. We may or may not hold shares in the recommended companies.

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

BOOK - POST

If undelivered please return to :

**Sajag Securities Pvt. Ltd.**

'Regent Chambers', Opp. Garware College,

33/15-B, Karve Road, Pune 411004.

Tel. : 020 - 6601 47 37