

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% with updated GDP figures

Time period	31/1/2024	31/12/2023	31/12/2007
Nifty	21725.7	21731.4	6138
Valuation			
Trailing PE	22.46	23.17	27.62
Trailing PB	3.81	3.81	6.39
Mcap/GDP	1.16	1.12	1.23
Nifty return			
1 year	23.01%	20.03%	54.77%
2 year	11.93%	11.90%	47.11%
3 year	16.80%	15.84%	43.43%
EPS growth			
1 year	13.53%	12.88%	19.13%
2 year	14.30%	14.15%	15.95%
3 year	37.41%	37.14%	17.85%
Other data points			
Credit growth	20.30%	20.20%	25%
10-year bond yield	7.14	7.17	7.57
Brent Oil Futures	81.71	77.04	93.25
USD/INR	83.09	83.19	39.23
Gold (oz/USD)	2067.4	2071.8	843.2

Source: RBI, NSE, ET, Prowess

MARKET REVIEW

Indices see profit-booking at higher levels!

In the month of January, indices attained record high levels, followed by some profit-taking off the tables.

Key developments during the month were,

- ▶ India's wholesale price inflation in December 2023 stood at 0.73%, with price increases in various sectors including food articles, machinery & equipment, and electronics contributing to the positive rate. Consumer price inflation rose to 5.69% in December, up from 5.55% in November, driven mainly by higher food prices.
- ▶ The Index for Industrial Production (IIP) growth decreased to 2.4% in November from 11.7% in October.
- ▶ India's overall exports (Merchandise and Services combined) in December 2023 is estimated to be \$66.33 billion, exhibiting a negative growth of (-) 4.25% over December 2022. Meanwhile, overall imports

in December 2023 is estimated to be \$71.50 billion, exhibiting a negative growth of (-) 7.18% over December 2022.

- ▶ India's overall exports (Merchandise and Services combined) in April-December 2023 is estimated to be \$565.04 billion, exhibiting a negative growth of (-) 1.87% over April-December 2022. Overall imports in April-December 2023 are estimated to be \$634.39 billion, exhibiting a negative growth of (-) 7.24% over April-December 2022. Overall trade deficit for April-December 2023 is estimated at \$69.34 billion as compared to the deficit of \$108.13 billion during April-December 2022, registering a decline of (-) 35.87%.
- ▶ The merchandise trade deficit during April-December 2023 is \$188.02 billion compared to \$212.34 billion during April-December 2022, registering a decline of (-) 11.45%.
- ▶ Indian Central government's fiscal deficit expanded to Rs 9.82 lakh crore in April-December from Rs 9.07 lakh crore in April-November. This figure represents 55.0% of the full-year target of Rs 17.87 lakh crore. The fiscal deficit for April-December 2022 accounted for 59.8% of the target for 2022-23.
- ▶ Goods and Services Tax collections jumped 10.4% to over Rs 1.72 lakh crore in January, reflecting buoyant economic activity and setting the stage for the next phase of GST reforms. This is the second-highest monthly collection ever and marks the third month in this financial year with a collection of Rs 1.70 lakh crore or more.

In the month of January, despite indices touching record high levels, FIIs were on a selling spree as they remained net sellers in the month to the tune of Rs. 35977.87 crores, while the DIIs were net buyers. Investors cheered after the budget as the budget was welcomed as prudent and not populist. The interim-budget focussed in fiscal consolidation maintaining its fiscal deficit stance.

The US Federal Reserve held interest rates steady while dashing hopes for interest rate cut as soon as March. As expected, the Federal Open Markets Committee (FOMC) left its key policy rate unchanged at 5.25-5.50% against a backdrop of gradually cooling inflation and a resilient economy. Global indices remained volatile.



Performance of key sectoral indices

Nifty Bank	-4.58%	Nifty IT	3.22%
Nifty FMCG	-3.60%	Nifty Pharma	6.40%
Nifty Metal	-0.28%	Nifty Infrastructure	7.34%
Nifty MNC	0.22%	Nifty Energy	9.49%
Nifty India Consumption	0.36%	Nifty Realty	9.57%
Nifty Auto	3.00%		

Market Outlook

The global economy is on course to record its worst half decade of growth in 30 years, according to the World Bank. Global growth is forecast to slow for the third year in a row in 2024, dipping to 2.4% from 2.6% in 2023, the bank said in its latest "Global Economic Prospects" report.

- ▶ US manufacturing stabilized in January amid a rebound in new orders, but inflation at the factory gate picked up. The Institute for Supply Management (ISM) manufacturing PMI increased to 49.1 last month from a slightly downwardly revised 47.1 in December. The U.S. economy added many more jobs than anticipated in December, with nonfarm payrolls growing by 216,000. The unemployment rate held steady at 3.7%. US inflation for December came in higher than expected, increased by 0.3% from November and up 3.4% y-o-y. IMF sees US GDP growth of 2.1% in 2024 vs 1.5% in October, with growth to ease to 1.7% in 2025 vs earlier forecast of 1.8%.
- ▶ China's factory activity expanded in January thanks to stable growth in output, quicker logistics and the first rise in new export orders since June, helping lift business confidence to a nine-month high. The Caixin China manufacturing PMI was 50.8 in January. China's economy grew by 5.2% in the October to December period last year. GDP climbed 5.2% for the whole of 2023.

- ▶ Japan's headline inflation rate fell to 2.6% in December, down from 2.8% in November and hitting its lowest level since June 2022. The annual inflation rate in Japan fell to 2.6% in December 2023 from 2.8% in the prior month, pointing to the lowest figure since July 2022. The core inflation rate was down to 2.3%, the lowest in 18 months, from 2.5% in November, but stayed outside the Bank of Japan's 2% target for the 21st month. The Bank of Japan kept its key short-term interest rate unchanged at -0.1% and that of 10-year bond yields at around 0% during its January meeting.
- ▶ The downturn in the eurozone manufacturing sector showed signs of easing in January as the HCOB eurozone manufacturing PMI was 46.6 last month, still in negative territory but a notable improvement on December's 44.4. It was also the highest level in ten months. Euro zone headline inflation slightly eased in January, with annual price rises at 2.8% compared to December's 2.9%. Core inflation also dropped to 3.3% from 3.4% in December. The German economy contracted 0.3% in 2023.
- ▶ The seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index (PMI) recovered from an 18-month low of 54.9 in December to 56.5 in January. The latest reading highlighted the strongest improvement in the health of the sector since last September. The IMF increased its 2024-25 GDP growth estimate for India by 20 basis points to 6.5%.

Global macro-economic cues continue to direct the market. While Indian markets despite volatility marked record highs in last month, corporate earnings remain mixed. Any correction in the market will see value-buying emerging with a long term perspective.

TECHNICAL VIEW



In the first month of calendar year, Nifty opened stable and amidst volatility marked a record high at 22124. Thereafter, Nifty did see some profit-booking which took it lower towards 21137. Nifty closed the month in red at 21725.

January saw increased volumes. The weekly as well as monthly RSI is placed above its average. Nifty has formed a 'Doji' on monthly chart, indicating an indecisive state.

As mentioned in our earlier report, Nifty did see some profit-booking above 22000. Nifty is moving in an uncharted territory. Going ahead, Nifty could witness some profit-booking at higher levels near 22000-22200. On the other hand, buying support could be seen near 21500. At lower levels, support is placed near 21100.

GAINERS AND LOSERS OF THE MONTH (NIFTY-50)

GAINERS			
COMPANY	OPEN	CLOSE	%
Oil & Natural Gas Corpn. Ltd.	206	252.25	22.45%
Adani Ports & SEZ Ltd.	1027	1207.65	17.64%
Bharti Airtel Ltd.	1032	1170.7	13.45%
Bajaj Auto Ltd.	6770	7667.55	13.26%
Tata Motors Ltd.	785	884.2	12.64%

LOSERS			
COMPANY	OPEN	CLOSE	%
H D F C Bank Ltd.	1706	1462.55	-14.27%
Lti-Mindtree Ltd.	6308.8	5448.55	-13.64%
Asian Paints Ltd.	3403	2957.85	-13.08%
H D F C Life Insurance Co. Ltd.	647	576.6	-10.88%
U P L Ltd.	588	537.7	-8.55%

MUTUAL FUNDS PERFORMANCE

NAV as on 31 January 2024

Return %

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Axis Liquid Fund (G)	2631.15	0.58	1.80	3.53	7.13
Aditya Birla SL Liquid Fund Reg (G)	380.98	0.58	1.79	3.51	7.13
Canara Robeco Liquid Fund Reg plan (G)	2845.14	0.58	1.79	3.53	7.12
Arbitrage Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Kotak Equity Arbitrage Fund (G)	33.883	0.790	1.940	4.030	7.920
SBI Arbitrage Opp Fund Reg (G)	30.623	0.740	1.870	3.910	7.840
Invesco India Arbitrage Fund (G)	28.911	0.740	1.930	3.960	7.770
Hybrid Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Equity & Debt Fund (G)	320.28	33.12	19.28	27.88	20.48
Quant Absolute Fund (G)	381.74	28.29	18.08	25.97	23.96
Edelweiss Aggressive Hybrid Fund (G)	52.21	29.26	16.27	20.36	16.49
Hybrid Balanced Advantage Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Balanced Advantage Fund Reg (G)	62.33	18.72	12.29	13.77	12.85
Edelweiss Balanced Advantage Fund (G)	44.12	21.91	10.95	13.66	14.31
Tata Balanced Advantage Fund (G)	18.23	20.06	11.83	13.44	12.69
Nippon India Balanced Advantage Fund (G)	151.71	20.46	11.92	13.25	11.76
Hybrid Multi-Asset	NAV	1 YR	2 YR	3 YR	5 YR
Quant Multi Asset Fund (G)	114.45	31.56	19.88	31.76	25.76
ICICI Pru Multi Asset Fund (G)	608.16	27.02	19.08	26.17	19.14
UTI Multi Asset Allocation Fund Reg (G)	60.89	34.18	17.87	16.04	12.88
Equity Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
Bandhan Sterling Value Fund Reg (G)	128.49	39.85	19.22	32.09	21.89
Templeton India Value Fund (G)	617.38	39.46	22.57	29.91	20.97
HSBC Value Fund (G)	89.42	47.51	23.64	29.53	21.58
Nippon India Value Fund (G)	187.28	50.17	23.08	29.21	22.27
ICICI Pru Value Discovery Fund (G)	380.62	36.71	22.43	29.21	22.46
Equity Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC Focused 30 Fund (G)	177.59	34.97	23.53	30.53	19.51
Quant Focused fund (G)	79.72	42.34	22.75	26.64	21.25
ICICI Pru Focused Equity Fund Reg (G)	69.27	34.14	18.19	24.04	19.54
Franklin India Focused Equity Fund (G)	89.78	28.46	15.70	23.62	18.72
Tax Saving Schemes (ELSS)	NAV	1 YR	2 YR	3 YR	5 YR
Quant ELSS Tax Saver Fund (G)	343.37	47.05	24.16	35.13	30.86
HDFC ELSS Tax saver Reg (G)	1118.07	38.70	23.12	27.05	17.74
Bandhan ELSS Tax saver Fund Reg (G)	133.98	34.31	16.66	26.55	20.84
Nippon India Tax Saver (ELSS) Fund (G)	106.53	34.59	17.38	24.67	15.28
Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Nippon India Large Cap Fund (G)	74.02	36.27	20.99	25.75	17.52
HDFC Top 100 Fund (G)	994.99	33.91	19.47	23.37	16.37
ICICI Pru Bluechip Fund Reg (G)	91.49	33.54	17.77	22.29	18.14
Tata Large Cap Fund Reg (G)	429.85	28.96	13.51	20.03	15.96
Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Quant MidCap Fund (G)	201.58	51.87	29.42	38.29	29.74
Motilal Oswal Midcap Fund Reg (G)	74.08	47.85	27.51	36.33	26.18
HDFC Mid Cap Opportunities Fund (G)	154.87	52.14	29.57	33.51	24.78
Nippon India Growth Fund (G)	3269.33	53.58	26.19	32.37	25.72

Large & Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC Large And Mid Cap Fund Reg (G)	284.19	44.37	23.34	29.68	21.54
ICICI Pru Large & Mid Cap Fund Reg (G)	791.46	36.71	20.59	29.07	20.97
Bandhan Core Equity Fund Reg (G)	106.08	45.54	23.21	27.12	20.09
Motilal Oswal Large and Midcap Fund Reg (G)	24.50	45.73	20.68	26.81	N/A

Small Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Quant Small Cap Fund (G)	235.51	64.87	31.59	48.55	36.38
Nippon India Small Cap Fund (G)	143.52	56.71	28.93	42.00	30.57
HSBC Small Cap Fund Reg (G)	72.64	54.13	25.02	40.32	25.22
HDFC Small Cap Fund (G)	121.98	54.10	27.06	37.90	24.00

Flexicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Quant Flexi Cap Fund (G)	90.94	48.81	25.34	36.36	29.55
HDFC Flexi Cap Fund Reg (G)	1539.88	35.56	22.87	28.84	19.58
Franklin India Flexi Cap Fund (G)	1354.35	37.99	17.84	24.15	19.14
Parag Parikh Flexi Cap Fund Reg (G)	66.72	37.43	16.06	23.13	23.06

Multicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Kotak Multicap Fund (G)	15.80	50.73	26.89	N/A	N/A
Nippon India Multi Cap Fund (G)	235.11	44.15	25.97	34.25	20.30
HDFC Multi Cap Fund Reg (G)	16.00	47.35	25.74	N/A	N/A
Quant Active Fund (G)	612.64	41.47	21.33	32.25	28.50

Sector & Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
Bandhan Infrastructure Fund Reg (G)	40.77	66.55	29.55	39.10	24.65
DSP India T.I.G.E.R. Fund Reg (G)	255.39	57.56	32.78	38.29	25.44
ICICI Pru India Opportunities Fund (G)	28.20	40.65	25.24	35.25	23.00
Sundaram Services Fund (G)	27.80	32.66	15.72	24.63	22.04
Kotak Pioneer Fund (G)	23.82	36.51	15.85	20.49	N/A
Aditya Birla SL India Gen Next Fund Reg (G)	177.68	28.03	14.52	19.68	17.82
ICICI Pru Pharma Healthcare And Diagnostics Fund (G)	28.96	54.70	21.03	19.51	24.18
Mirae Asset Healthcare Fund (G)	30.12	44.50	16.01	18.82	23.82
SBI Magnum Global Fund Reg (G)	346.34	21.84	11.45	18.53	15.94
Tata Banking and Financial Services Fund Reg (G)	34.61	24.96	15.99	17.13	15.53
SBI Banking & Financial Services Fund Reg (G)	32.67	28.36	14.82	16.94	14.91

Index	NAV	1 YR	2 YR	3 YR	5 YR
S&P BSE Sensex	71645.30	19.99	10.33	13.81	14.45
NSE - Nifty 50	21697.45	23.17	11.11	14.96	14.77

CORPORATE ACTIONS IN FEBRUARY 2024

COMPANY	RECORD DATE	PURPOSE
NTPC	06/02/2024	22.5 Second Interim Dividend
Tata Steel	06/02/2024	Scheme of Amalgamation
ITC	08/02/2024	Rs.6.2500 per share(625%) Interim Dividend
Sun Pharma.Inds.	09/02/2024	850% Interim Dividend
Nestle India	15/02/2024	Third Interim Dividend
Power Grid Corpn	15/02/2024	Interim Dividend
Coal India	20/02/2024	2nd Interim Dividend
O N G C	21/02/2024	2nd Interim Dividend

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COMPANY ANALYSIS REVIEW

AARTI INDUSTRIES LIMITED

CMP (As on 31 January 2024) – 659

INDUSTRY - CHEMICALS

FEBRUARY 2024

SENSEX – 71752 NIFTY – 21725

Mkt. Cap.	:	23892.64 Cr
Equity	:	181.25
Trading Vol.	:	1513396
52 Week High/Low	:	689/438
Face Value	:	5

BSE Group	:	A
BSE Code	:	524208
NSE Symbol	:	AARTIIND
Bloomberg	:	ARTOIN
Reuters	:	ARTI.BO

Shareholding Pattern	
Promoters	: 43.55
Institutions & Corporates	: 16.69
Foreign	: 11.72
Public & Others	: 28.03

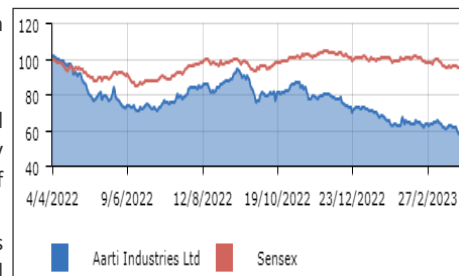
The stock was earlier recommended in our report on Specialty Chemicals. We remain optimistic about the company given sound financials, improving revenue visibility and anticipated improvement in industry.

Aarti Industries Limited is a leading and highly integrated chemical manufacturer involved in manufacturing of various benzene based downstream and derivative products.

Investment rationale

- ▶ Aarti Industries Limited is one of the most competitive and highly integrated benzene-based speciality chemical company in the world. The Company is a rare instance of a global speciality chemicals company that combines process chemistry competence (recipe focus) with scale-up of engineering competence (asset utilisation).
- ▶ Aarti appears to be moving out of a cyclical slowdown in the base business of benzene derivatives and further investments in derivative products are expected to enhance its margin profile and acceptability with MNC clients. The management's expects that there could be a progressive improvement in H2FY24 and a phase-wise ramp-up in FY25 signals better scenario going ahead.
- ▶ Aarti has positioned itself as a good proxy for the China-plus-one-theme and has been pitching for long-term contracts, which, in turn, provide revenue visibility. Towards the end of December 2023, the company reported that it has struck a nine-year long-term contract with a revenue potential of Rs 3,000 crore, translating to more than Rs 300 crore revenue addition per year.

More than 50% of the revenues is from exports. The company has a low debt, D/E of 0.5 with consistent positive CFO. PBDITA margins have been nearly 20% in the past. Aarti is fully backward integrated, lowcost with sustainable manufacturing opportunities in sunrise sectors. We recommend investing with a long term perspective.



Consolidated Financial Performance (Rs. Crore)

Year End	202303	202203	202103	202003	201903
Equity	181.25	181.25	87.12	87.12	43.33
Networth	4,920.08	4,515.98	3,502.39	2,978.26	2,630.26
Debt	2,907.31	2,586.95	2,856.96	2,097.94	2,401.08
Sales	6,618.58	6,085.51	4,506.10	4,186.31	4,167.56
Other Income	0.86	0.77	0.7	8.84	2.1
Operating profit	1,089.83	1,720.88	982.23	986.17	967.19
PAT	545.05	1,185.20	523.2	529.3	490.47
Book Value (Rs)	135.73	108.72	87.71	74.59	63.42
EPS (Rs.)	15.04	28.55	13.11	13.43	11.86
Dividend (%)	50	70	60	70	220
Payout (%)	16.62	10.7	8.43	19.46	8.73

Latest Results (Rs. Crore)

Quarter Ended	202309	202209	Var. (%)
Sales	1454	1685	-13.71
Other Income	0	0	NA
PBIDT	233	267	-12.73
PBT	82	150	-45.33
PAT	91	124	-26.61

JTEKT INDIA LIMITED

CMP (As on 31 January 2024) – 160

INDUSTRY - AUTO ANCILLARY

FEBRUARY 2024

Mkt. Cap.	:	4085.02 Cr
Equity	:	24.44
Trading Vol.	:	135230
52 Week High/Low	:	182/95
Face Value	:	1

BSE Group	:	B
BSE Code	:	520057
NSE Symbol	:	JTEKTINDIA
Bloomberg	:	JTEKTIN
Reuters	:	JTEK.BO

Shareholding Pattern	
Promoters	: 74.98
Institutions & Corporates	: 9.87
Foreign	: 0.89
Public & Others	: 14.26

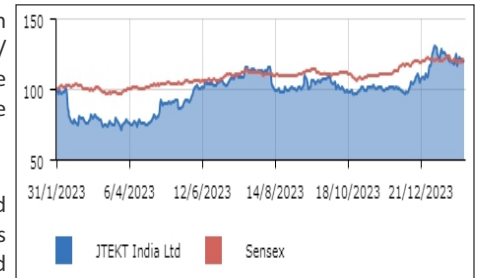
The stock was earlier recommended in Sajag Online publication of November 2014. We remain optimistic of the company owing to a sound parentage, sound financials and bright demand outlook.

JTEKT India Limited (formerly known as Sona Koyo Steering Systems) is a part of JTEKT Corporation Japan and operates as part of JTEKT Group India. It is engaged in the business of manufacturing / production, supply and sale of steering systems, viz. steering gears, columns and RPS assemblies, axle assemblies and other auto ancillaries to almost all Indian passenger car and utility vehicle manufacturers.

Investment rationale

- ▶ JTEKT India has seven plants strategically located across Gurgaon, Bawal, Dharuhera, Sanand and Sriperumbudur from where it caters to key customers across India and in major auto clusters across the country. The company has technical Collaboration from Koyo Seiko Company, Japan and Mando Machinery Corp of Korea. Koyo Seiko Company hold 20.47% Equity Stake of the company.
- ▶ Its major customers include large vehicle manufacturers in India such as Maruti Suzuki, Toyota, Honda, Tata Motors and Mahindra & Mahindra etc. to name a few. JTEKT is one of the major suppliers to MSIL and typically meets around 50% of MSIL's requirements of steering systems. Independently, as well as through its network of overseas joint-venture partners, JTEKT India Limited exports high quality precision products to USA, Europe and Japan.
- ▶ JTEKT recently got an order from JTEKT Brasil (owner of both companies is JTEKT Corporation) to supply parts. The total value of the contract is approximately Rs 182.7 crore. JTEKT has come up with a brand new product in the Driveline Segment, Constant Velocity Joint (CVJ) and has started its commercial production in FY23.

In last 10 years, sales have grown at a CAGR of 3.5% and PAT at 6%. It has been consistently generating positive cashflow. It has maintained a D/E of 0.1 and PBDITA margins have been near to 9% in last 5 years. We recommend investing with a long term perspective.



Consolidated Financial Performance (Rs. Crore)

Year End	202303	202203	202103	202003	201903
Equity	24.45	24.45	24.45	24.45	24.45
Networth	702.77	631.83	598.54	595.63	592.91
Debt	61.76	70.99	48.52	78.13	188.38
Sales	2,043.93	1,588.80	1,332.97	1,510.55	1,753.97
Other Income	8.56	10.23	5.46	8.81	11.64
Operating profit	192.12	130.79	108.18	145.67	233.29
PAT	83.03	41.06	11.64	30.34	72.61
Book Value (Rs)	28.75	25.84	24.48	24.36	24.25
EPS (Rs.)	3.33	1.51	0.48	1.24	2.98
Dividend (%)	50	40	15	35	80
Payout (%)	11.23	8.93	62.53	55.69	23.78

Latest Results (Rs. Crore)

Quarter Ended	202309	202209	Var. (%)
Sales	583.88	570.99	2.26
Other Income	2.19	2.11	3.79
PBIDT	62.35	60.19	3.59
PBT	41.57	41.19	0.92
PAT	30.16	30.09	0.23

COMPANY ANALYSIS

REC LIMITED

INDUSTRY - FINANCE

FEBRUARY 2024

CMP (As on 31 January 2024) – 499

Mkt. Cap.	: 131411.04 Cr
Equity	: 2633.22
Trading Vol.	: 11483576
52 Week High/Low	: 511/110
Face Value	: 10

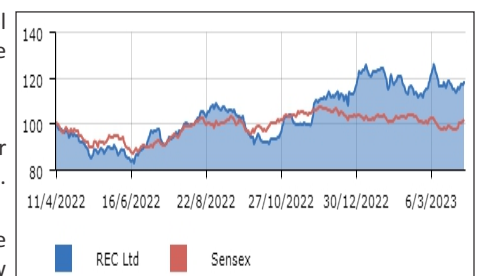
BSE Group	: A
BSE Code	: 532955
NSE Symbol	: RECLTD
Bloomberg	: RECLIN
Reuters	: RECM.BO

Shareholding Pattern	
Promoters	: 52.64
Institutions & Corporates	: 15.52
Foreign	: 21.19
Public & Others	: 10.72

Rural Electrification Corporation Ltd (REC) is a 'Maharatna' company under the administrative control of the Ministry of Power, Government of India, and is registered with RBI as Non-Banking Finance Company (NBFC), Public Financial Institution (PFI) and Infrastructure Financing Company (IFC).

Investment rationale

- ▶ REC is engaged in extending financial assistance to State Electricity Boards, State Power utilities/State Power Departments and Private sector for all segments of Power infrastructure. Their main objective is to finance and promote rural electrification projects all over the country.
- ▶ REC has evolved and expanded its financing mandate to cover the entire Power-Infrastructure sector comprising Generation, Transmission, Distribution, Renewable Energy and new technologies like Electric Vehicles, Battery Storage, Green Hydrogen etc. More recently REC has also diversified into the Non-Power Infrastructure sector comprising Roads & Expressways, Metro Rail, Airports, IT Communication, Social and Commercial Infrastructure (Educational Institution, Hospitals), Ports and Electro-Mechanical (E&M) works in respect of various other sectors like Steel, Refinery, etc.
- ▶ The management has strategically shifted its focus towards renewable energy projects, aligning with the government's initiatives. The commitment to the PM Suryodha Yojana and targeting 40,000 MW capacity of rooftop solar by 2026 highlights REC's role in sustainable energy development.



- ▶ In Q3FY24, NII increased to Rs 43bn (18% yoy) due to strong loan growth. The company is taking continuous efforts to reduce its NNPA from 0.96% to 0.82% in Q3FY24 with strong focus in resolving stressed assets.

Power financier are witnessing accelerated disbursement of loan driven by government sponsored schemes like LPS (Late payment surcharge); RDSS (revamped distribution sector scheme) followed by demand from renewal and Infrastructure segment. Infrastructure segment should start contributing meaningfully over next few years. We recommend investing with a long term perspective.

Consolidated Financial Performance (Rs. Crore)

Year End	202303	202203	202103	202003	201903
Equity	2,633.22	1,974.92	1,974.92	1,974.92	1,974.92
Networth	58,120.51	51,314.10	43,763.93	35,396.43	34,546.34
Debt	380,789.76	333,042.67	329,723.36	286,288.56	244,248.81
Sales	39,485.99	39,276.46	35,556.61	29,942.17	25,407.71
Other Income	56.07	53.09	50.97	40.38	35.36
Interest expended	23,733.33	22,050.96	21,489.05	18,991.30	15,639.20
PAT	11,169.01	10,013.69	8,381.18	4,973.47	5,741.99
Book Value (Rs)	218.6	192.75	164.08	134.42	131.2
EPS (Rs.)	42.41	38.12	31.82	18.88	21.8
Dividend (%)	126	153	127.1	110	110
Payout (%)	27.94	24.03	25.93	43.69	43.86

Latest Results (Rs. Crore)

Quarter Ended	202312	202212	Var. (%)
Sales	12051.77	9781.76	23.21
Other Income	19.77	13.71	44.20
PBIDT	11831.28	9750.29	21.34
PBT	4171.69	3610.23	15.55
PAT	3308.42	2915.33	13.48

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)	%
Total Investment :	360000	%	600000	%	960000	%	1200000	%	1800000	%
Aditya Birla SL India Gen Next Fund Reg (G)	467,136	17.62	973,408	19.40	1,909,888	16.70	2,842,110	16.43	7,537,580	17.29
Canara Robeco Emerging equities Reg (G)	458,775	16.35	976,323	19.53	1,907,638	16.68	2,924,294	16.96	9,187,929	19.54
Kotak Emerging Equity (G)	496,981	22.04	1,126,905	25.46	2,195,520	20.06	3,347,522	19.46	9,162,721	19.51
Nippon India Small Cap Fund (G)	601,203	36.21	1,510,788	37.91	2,993,297	27.53	4,677,155	25.64	N/A	N/A
SBI Large & MidCap Fund Reg (G)	497,029	22.05	1,069,980	23.30	2,052,124	18.43	2,959,892	17.18	7,155,932	16.70

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

INVESTMENT IDEAS - MEDIUM TERM (3-6 MONTHS)

NHPC LIMITED

CMP (AS ON 31 JANUARY 2024) - 90

TARGET - 120

NHPC Ltd is a Mini-Ratna Category-I Enterprise of the Government of India. The Company is one of the largest organisations in the field of hydro power development in the country. NHPC dedicated to the planning, development and implementation of an integrated and efficient network of hydroelectric projects in India. They execute all aspects of the development of hydroelectric projects, from concept to commissioning of the projects. It has also diversified in the field of solar & wind power. As of 31 March 2023, the Government of India held 70.95% stake in the company. Its consolidated net profit rose marginally to Rs 1,545.85 crore in Q2 FY24 from Rs 1,535.60 crore in Q2 FY23 while net sales declined 12.9% year on year to Rs 2,931.26 crore during the quarter. In the interim budget, the allocation to the Power PSUs was increased by at least 17% to Rs 93,200 crore. NHPC is in working towards doubling its capacity by FY27.

COAL INDIA LIMITED

CMP (AS ON 31 JANUARY 2024) - 406

TARGET - 460

Coal India Ltd (CIL) is a 'Maharatna' Public Sector Undertaking under Ministry of Coal, Government of India with headquarters at Kolkata, West Bengal. CIL is the single largest coal producing company in the world and one of the largest corporate employers. CIL operates through 83 mining areas spread over eight provincial states of India. CIL has 322 mines (as on 1st April, 2023) of which 138 are underground, 171 opencast and 13 mixed mines. CIL further operates 13 coal washeries, (11 coking coal and 2 non-coking coal) and also manages other establishments like workshops, hospitals, and so on. The Company produces non-coking coal and coking coal of various grades for diverse applications. Most of the coal production is from open cast mines. Others include cement, fertilizer, brick kilns and a host of other industries. As of 31 December 2023, the Government of India held 63.13% stake in the company. Its consolidated net profit increased 12.73% to Rs 6,813.50 crore in Q2 FY24 as against Rs 6,043.99 crore posted in Q2 FY23. Coal India achieved an impressive 8.2% y-o-y increase in coal production volumes for December 2023. For the period from April to December of 2023, the company's total coal production and total coal offtake aggregates to 531.9 MT (up 11% YoY) and 552 MT (up 8.7% YoY), respectively.

SAJAG STOCK HOTLINE 020 2530 24 00

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	Sahakar Nagar	Mr. Tejas Jaykar	9765173434
Dahanukar Colony	Mr. Abhay Oak	25444744	Aurangabad	Mr. Amit Vaidya	0240-2347584
ITI Road, Aundh	Mr. Ravi Jadhav	25888511	Aurangabad	Mr. Abhijit Bhaiwal	0240-2361421
Kalyani Nagar	Ms. Bernadette Dias	9422449266	Sangli	Mr. Dattaji Gaikwad	0233-6600566
Karve Nagar	Ms. Prajakta Bedekar	8600993930	Satara	Mr. Vinod Jhamvar	02162-233906
Kondhwa	Mr. Santosh Gupte	26836366	Shrirampur	Mr. Amit Somani	02422-228111
Koregaon Park	Mr. Ajit Godbole/Mr. Ninad Parundekar	26158889			

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