

# V. Jethalal Ramji Share Brokers

.... Tracking Market Since 1906



## Market Update

### Markets Down, But Not Out: India's Growth Engines Intact Amid the Downturn

**A**nother week has come to a close, and a relief rally briefly lifted spirits for HDFC Bank, the joy proved to be short-lived though, with the heavyweight private sector bank ending lower by 2.58 per cent. While much discussion surrounds HDFC Bank's performance, it is imperative to shift our attention to pivotal developments and triggers that can guide investment strategies for market participants.

First and foremost, India has surpassed Hong Kong to become the world's fourth-largest stock market. This noteworthy achievement stems from India's robust growth prospects and progressive policy reforms, positioning it favourably for global investors seeking alternatives amid capital outflows from China. As investors recalibrate their portfolios, this shift underscores India's increasing allure on the global investment stage.

Turning our focus to corporate earnings, Bajaj Auto emerges as an outlier among index heavyweights. With a market capitalisation crossing Rs 2,00,000 crore and reaching an all-time high, the stock has proven to be a multibagger over the past year. The third-quarter net profit surged by an impressive 37 per cent YoY, surpassing analysts' estimates. Management projects a promising outlook, anticipating an 8-10 per cent volume growth in the domestic market next quarter. Notably, Bajaj Auto aims to outpace industry growth through strategic new vehicle launches, including the much-anticipated Triumph bike.

The electric three-wheeler (E3W) segment also presents a compelling narrative for Bajaj Auto, with plans to double distribution to 50 cities by March 2024. The company boasts a 50 per cent market share in cities where it recently launched E3Ws, emphasising its strong position in this emerging market segment.

Shifting gears to broader economic indicators, the release of the HSBC Flash India PMI data is a pivotal moment for India's growth narrative. The private sector economy has witnessed an exceptional start to 2024, as reflected in the HSBC Flash India Composite PMI Output Index reaching a four-month high of 61 in January. This upturn is attributed to favourable economic conditions, robust demand, and improvements in new business inflows, supported by a notable increase in international orders.

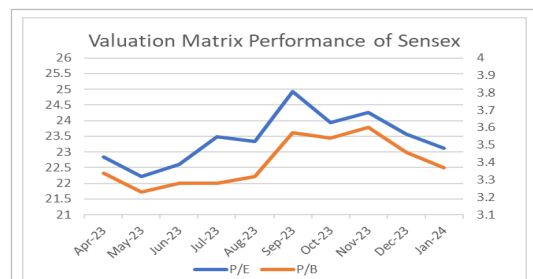
Delving into global manufacturing dynamics, the recent update of the OECD TiVA database highlights China's undisputed status as the world's sole manufacturing superpower. However, a compelling narrative emerges for India, currently, the fifth-largest manufacturer globally, as it positions itself for a potential doubling of its manufacturing share to 8-10 per cent. With concerted efforts in infrastructure development, skill enhancement, and supportive policies, India aims to challenge China's dominance and emerge as a formidable industrial powerhouse in Asia.

Meanwhile, in response to economic challenges, China's central bank has announced policy easing measures, including a reduction in reserve ratio requirements for banks. This move seeks to inject liquidity into the economy and stimulate growth. Notably, this development underscores the evolving economic landscape, with potential implications for global markets.

On the domestic front, Prime Minister Narendra Modi's announcement of a scheme to install solar rooftops in one crore houses has dominated market discussions. This initiative is poised to benefit local solar manufacturing companies like Adani Green, Waaree, and Borosil, alongside cable companies such as KEI Industries and Polycab. Renewable finance companies, including IREDA, are anticipated to play a pivotal role in supporting these initiatives.

As the market anticipates further developments, stock-specific actions are expected to drive near-term movements. Additionally, economic readings from the United States will likely influence market expectations regarding Federal Reserve interest rate policies, shaping the trajectory of the market in the coming weeks. Wishing our readers and the investor community a Republic Day marked by bullish trends, lucrative opportunities, and successful investment in the stock market.

Jan - Mar., 2024



#### International Markets

Exchange	19 Jan 24	1 Year Change (%)	52-Week L/H
Bovespa	1,27,316	13.44	96997 / 134389
CAC 40	7,409.04	4.49	6773.82 / 7653.99
DAX	16,599	9.13	14458.39 / 17003.28
Dow Jones	37,468.61	12.53	31429.82 / 37821.76
FTSE 100	7,498.69	-4.75	7206.82 / 8047.06
Hang Seng	15,308.69	-29.00	15183.96 / 22700.85
Nasdaq	15,055.65	37.41	10885.65 / 15150.07
Nikkei 225	35,963.27	34.17	26320.96 / 36239.22

#### Top Gainers

Company	25 Jan 24	28 Dec 23	% Change
Indus Towers Ltd.	225.40	185.85	21.28
One97 Communications Ltd.	762.90	633.95	20.34
Bajaj Auto Ltd.	7596.85	6699.90	13.39
Adani Ports and Spec.Eco.	1146.65	1017.05	12.74
Oil & Natural Gas Corp..	234.00	208.30	12.34

#### Top Losers

Company	25 Jan 24	28 Dec 23	% Change
HDFC Bank Ltd.	1435.30	1705.20	-15.83
Asian Paints Ltd.	2949.55	3395.15	-13.12
LTIMindtree Ltd.	5492.10	6251.40	-12.15
Eicher Motors Ltd.	3615.85	4091.05	-11.62
HDFC Life Insurance Co,	579.10	648.05	-10.64

#### Performance of other Indices

Index	Price	1 Year Change (%)
S&P BSE SMALLCAP	44,449.91	52.60
S&P BSE 500	30,977.13	24.61
S&P BSE Auto	42,735.29	43.59
S&P BSE BANKEX	51,826.57	7.44
S&P BSE CAP GOODS	57,376.97	61.40
S&P BSE FMCG	20,422.81	24.17
S&P BSE HEALTHCARE	32,787.63	40.84
S&P BSE IT	37,810.82	26.40
S&P BSE METAL	26,088.84	17.73
S&P BSE Oil & Gas	25,239.35	18.93
S&P BSE REALTY	6,863.94	98.66
S&P BSE POWER	5,954.99	29.50



## Tata Technologies Ltd

### Company profile

Tata Technologies Ltd (TTL) is a global engineering services company offering product development and digital solutions, including turnkey solutions, to global original equipment manufacturers (OEMs) and their tier 1 suppliers. It is a pure-play manufacturing-focused ER&D company, primarily focused on the automotive industry. The company is currently engaged with seven out of the top 10 automotive ER&D spenders and five out of the 10 prominent new energy ER&D spenders in 2022.

As of September 30, 2023, the company have 19 global delivery centres spread across North America, Europe and Asia Pacific. For the six-month period that ended September 30, 2023, the company's India business contributed 35.14 per cent to its revenue from operations, followed by Europe (26.90 per cent), North America (19.26 per cent) while the rest of the world contributed 18.71 per cent.

### Business Segments

The company primarily categorize its lines of business as (i) Services and (ii) Technology.

1. Services business: Services is the company's primary business line, which includes providing outsourced engineering services and digital transformation services to global manufacturing clients helping them conceive, design, develop and deliver better products. Its services business contributed Rs 3,531.15 crore and Rs 1,986.40 crore to its revenue from operations in FY23 and the six-month period ended September 30, 2023, respectively, comprising 80 per cent and 78.62 per cent of its revenue from operations for the respective periods.
2. Technology business: The company's Products and Education verticals collectively form the Technology Solutions business. Through its Products business, the company resell third-party software applications, primarily product lifecycle management (PLM) software and solutions and provides value-added services such as consulting, implementation, systems integration and support. Its education business provides 'phygital' education solutions in manufacturing skills including upskilling and reskilling in relation to the latest engineering and manufacturing technologies to public sector institutions and private institutions and enterprises through curriculum development and competency centre offerings through our proprietary iGetIT platform. In Fiscal 2023 and the six-month period ended September 30, 2023, the company's Technology Solutions business contributed Rs 883.02 crore and Rs 540.31 crore to its revenue from operations, respectively, comprising 20 per cent and 21.38 per cent of its revenue from operations for the respective periods.

### Established Market Position

TTL operates with a well-balanced onshore/offshore global delivery approach, utilizing 18 global delivery centers spread across the USA, Europe, India, China, and South-east Asia. This strategic distribution ensures proximity to customers onshore, aligning with the iterative demands of product development services, while also leveraging the capacity and cost-effectiveness of offshore locations. Notably, the company has secured numerous orders from state governments, including the Government of Karnataka, Government of Bihar, Government of Assam, and Government of Tamil Nadu. These orders focus on the transformation of government Industrial Training Institutes (ITIs) into technology centers equipped with modern infrastructure and training facilities, aiming to meet the industry 4.0 standard.

### Strong presence in automotive industry

While TTL has diversified its revenue streams, the majority still originates from the automotive sector. In FY22, despite efforts in diversification, TTL's revenue from ser-



BSE Code : **544028**

CMP : **₹1,144.20**

Company Details	
Industry	IT - Software
Chairman	Ajoyendra Mukherjee
Managing Director	Warren Harris
Company Secretary	Vikrant Gandhe
ISIN Code	INE142M01025
Bloomberg Code	TATATECH IN
Reuters Code	TATE.BO
Key Market Ratio	
Latest Date	25 Jan 24
Latest Price (Rs)	1144.2
Previous Close (Rs)	1142.95
1 Day Price Var%	0.11
1 Year Price Var%	-6.23
52 Week High (Rs)	1400
52 Week Low (Rs)	1130
Beta	-0.1
Face Value(Rs)	2
Industry PE	31.1
TTM Period	202303
TTM EPS(Rs)	15.38
TTM CEPS(Rs)	17.71
Price/TTM CEPS(x)	64.59
TTM PE (x)	74.38
Price/BV(x)	14.7
EV/TTM EBITDA(x)	49.98
EV/TTM Sales(x)	10.29
Dividend Yield%	0.22
MCap/TTM Sales(x)	10.52
Latest Book Value (Rs)	77.85
Market Cap (Rs in Crores )	46416.59
EV (Rs)	45417.39
Latest no. of shares (in Crores )	40.57
Share Holding Pattern as on 202312	
Promoter No of shares (Rs. in Crores )	22.47
Promoter %	55.39
FII No of Shares(Rs. in Crores )	
FII %	
Total No of Shares(Rs. in Crores )	40.57
Free Float %	44.61



**TATA TECHNOLOGIES**

vices remains largely tied to the automotive industry, with two captive customers contributing 40 per cent to the topline. However, there has been a reduction in the contribution of related parties to TTL's revenue, and the company has successfully acquired new customers over the years. TTL has strategically focused on diversifying into non-automotive sectors such as aerospace and industrial heavy machinery, and has made inroads into the educational space. The company has also secured multiple state government orders, showcasing its ability to tap into diverse markets.

Going forward, TTL aims to concentrate on the battery/electric vehicle market, anticipating increased demand for lightweight vehicle architectures, connected services, and autonomous driving systems. It's noteworthy that the company generates a significant portion of its revenue (over 75 per cent) from the service segment.

## Financial Highlights

For the quarter ended December 31, 2023, the company posted consolidated revenue of Rs 1,289.45 crore compared to Rs 1,123.89 crore from the previous year's corresponding quarter, signifying a YoY growth of 14.73 per cent. On a sequential basis, revenue stood flat with a slight increase of 1.60 per cent from Rs 1,269.17 crore. EBITDA rose by 19.43 per cent and came in at Rs 267.25 crore from Rs 223.77 crore, on sequential basis, increased by 9.47 per cent. Net profit stood at Rs 170.22 crore compared to Rs 148.38 crore, a YoY growth of 14.72 per cent; on sequential basis, net profit rose by 6.14 per cent. The EBITDA margin improved

by 82 bps YoY and 149 bps QoQ to 20.7 per cent. Net profit margin remained flat YoY and improved 56 bps QoQ at 13.2 per cent.

## Key Ratios

- P/E: 74.3x
- ROCE: 28.1 per cent
- ROE: 23.7 per cent
- Interest Coverage: 45.3x
- Debt/Equity: 0.09x

## Valuation & Outlook

On annual basis, TTL shares are trading at a P/E of 74.3x which is slightly lower compared to its historical median (76.7x) since its listing; however, on a higher side compared to its top five peers. The company has posted a compounded sales and profit growth of 15.67 per cent and 35.37 per cent, respectively, over the last three years. The company has a healthy average ROE and ROCE of 18.5 per cent and 22.5 per cent, respectively, over the last three years. The company is virtually debt free with an interest coverage of 45.3x over the debt to equity of 0.09x.

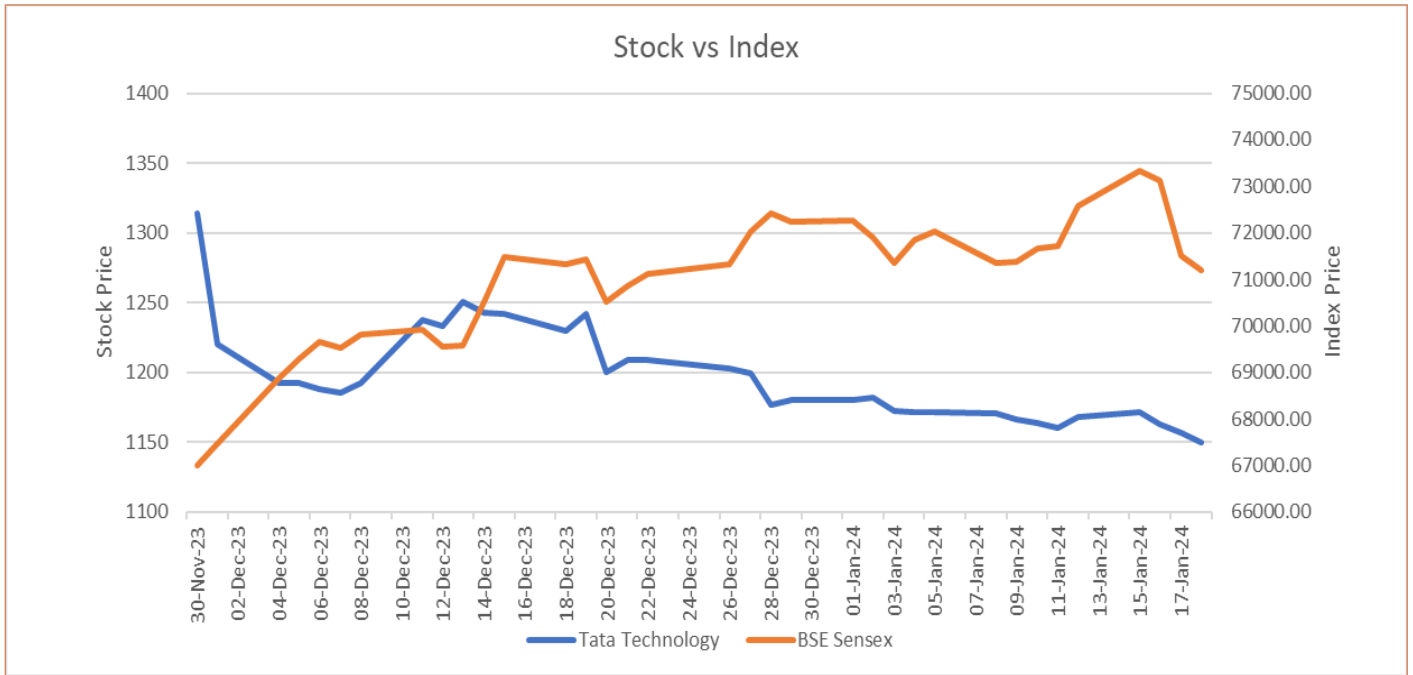
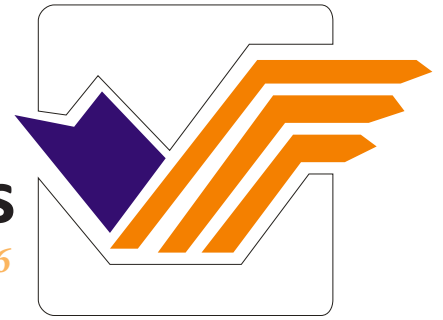
The company has maintained its leadership in the ER&D space. Furthermore, the company provides comprehensive end-to-end solutions for EV development, manufacturing, and after-sales services, while specializing in creating compelling vehicle concepts and engineering designs. Considering these factors, we recommend a BUY on TTL.

## Consolidated Profit and Loss Statement

Particulars	2023	2022	2021	2020	2019
Sales	2942.21	2852.06	2380.91	3529.58	4414.18
Expenses	-2437.35	-2381.61	-1995.2	-2883.91	-3593.24
Operating Profit	504.86	470.45	385.71	645.67	820.94
OPM%	17.16%	16.50%	16.20%	18.29%	18.60%
Other Income	36.01	36.33	39.42	48.8	87.75
Interest	-1.29	-15.64	-17.66	-21.9	-17.98
Depreciation	-68.64	-99.15	-92.2	-85.71	-94.55
PBT	470.94	391.99	315.27	586.86	796.16
Net Profit	352.6	251.57	239.18	437	624.04
EPS in Rs	-	-	-	-	15.38
Dividend Payout%	17.91%	66.46%	-	-	-

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## Two Buzzing Stocks

### Apollo Micro Systems Ltd

BSE Code : 540879

52 Week High / Low : ₹161.75 / ₹24.63

Face Value : ₹1

**A**pollo Micro Systems Limited is an electronic, electro-mechanical, engineering designs, manufacturing and supplies company. It designs, develops and sells high-performance, mission and time-critical solutions to Defence, Space and Home Land Security for Ministry of Defence, government-controlled public sector undertakings and private sectors. The company offers custom-built COTS (Commercially off-the-shelf) solutions based on specific requirements to defence and space customers.

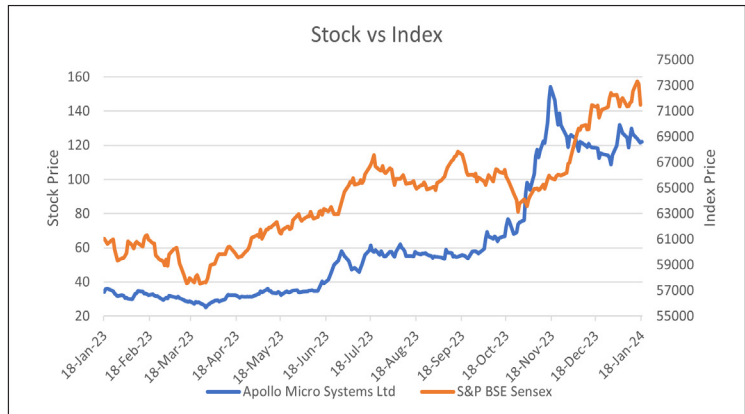
In the recent quarter the company delivered a stellar Q2FY24 with 54.9 per cent YoY revenue growth, an 85.5 per cent operating profit jump, and a phenomenal 300.6 per cent surge in PAT. These impressive financials reflect strong order execution and improving margins.

The company recently raised Rs 186 crore through warrants, with half from promoters and the rest from others. The funding will primarily go towards capex and working capital. The company is expanding its existing facility and building a new one for end-to-end manufacturing, expected to be completed in 10 months.

The anticipated Defence PLI scheme for radars presents a significant growth opportunity. Additionally, design-cum-production projects offer higher margins, further boosting profitability.

While non-defence projects contribute around 12 per cent of sales, this segment is expected to grow to 15 per cent. The inventories and receivables are currently high due to multiple programs and qualification/testing phases, but normalization is expected by FY25. Apollo Micro Systems actively manages raw material sourcing by booking materials well in advance.

Overall, Apollo Micro Systems is well-positioned for continued growth, with strong financials, strategic investments, expanding order book, and promising market opportunities setting the stage for exciting times ahead.



### TIDE WATER OIL (INDIA) LTD.

BSE Code : 590005

52 Week High / Low : ₹1,467.00 / ₹809.75

Face Value : ₹2

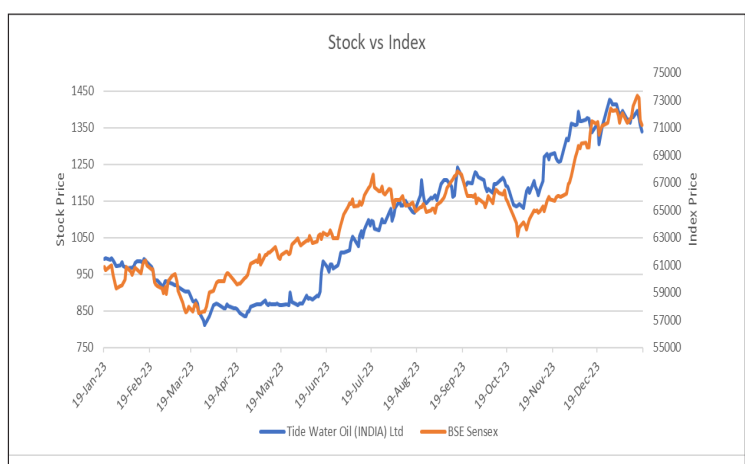
**T**ide Water Oil Company, incorporated in 1928, is a part of the Andrew Yule group that has diverse interests in Engineering, Electrical, Tea Cultivation, Power Generation, Digital Communication Systems, and Lubricants. It also produces gear oils, transmission oils, coolants, and greases for automobiles. For industrial applications, it manufactures industrial oils, greases, and specialty products like metal working fluids, quenching oils, and heat transfer oils. Tide Water has tie-ups for the manufacture of genuine oils with a number of renowned OEMs in the automotive and industrial equipment segment.

In the recent quarter Q2FY24, the revenue of the company stood at Rs 474.18 crore which grew by 5.84 per cent on a YoY basis. The operating profit of the company stood at Rs 46.61 crore which grew by 50.31 per cent YoY. The PAT of the company stood at Rs 32.54 crore growing by 67.13 per cent YoY.

While the Indian lubricant industry is preparing for a major shift as electric vehicles gain traction. The demand may decline in some segments, higher sales of premium segment vehicles like two-wheelers (Hunter & continental) and passenger vehicles can drive demand.

Furthermore, commercial vehicle lubricants will find traction from infrastructure investments driving construction and off-highway sectors. The industrial sector also holds promise, with increasing activity boosting demand for industrial lubricants.

The company's proactive approach, customer focus, and R&D efforts well position the company to navigate this changing landscape. By leveraging digitization and e-commerce, it can improve market coverage and customer service, solidifying its position in the evolving Indian lubricant market.







## Market Statistics

### DIVIDEND BECOME EX-DATED IN FORTHCOMING DAYS

Company Name	Dividend (%)	Ex Div Date	Company Name	Dividend (%)	Ex Div Date
Siemens Ltd	500	30 Jan 24	IIFL Finance Ltd	200	25 Jan 24
Goa Carbon Ltd	100	29 Jan 24	Wipro Ltd	50	24 Jan 24
PCBL Ltd	550	29 Jan 24	Angel One Ltd	127	23 Jan 24

### NET INVESTMENT IN EQUITY MARKETS (₹/CR)

Days	FII's	DII's	Days	FII's	DII's
18 Jan 24	-9,901.56	5,977.12	11 Jan 24	-865.00	1,607.08
17 Jan 24	-10,578.13	4006.44	10 Jan 24	-1,721.35	2080.01
16 Jan 24	656.57	-369.29	9 Jan 24	-990.90	104.23
15 Jan 24	1085.72	-820.69	8 Jan 24	16.03	155.96
12 Jan 24	-340.05	2,911.19	5 Jan 24	1,696.86	-3,497.62

### SPLIT DECLARED IN LAST FEW DAYS

Company Name	Date Of Announcement	Old Face Value	New Face Value
Dolphin Offshore Enterprises	25 Jan 24	10	1
Ishan International Ltd	25 Jan 24	10	1
Trishakti Industries Ltd	16 Jan 24	10	2
Franklin Industries Ltd	11 Jan 24	10	1
Cochin Shipyard Ltd	10 Jan 24	10	5
Nestle India Ltd	05 Jan 24	10	1

### EX-BONUS

Company Name	Ex-Bonus Date	Current Holding	Ratio Offered
Sinclairs Hotels Ltd	1	1	29 Jan 24
Ishan International Ltd	2	1	25 Jan 24
SBC Exports Ltd	1	2	19 Jan 24
M K Exim (India) Ltd	1	2	17 Jan 24
Newgen Software Technologies Ltd	1	1	12 Jan 24
Integra Essentia Ltd	1	1	11 Jan 24
Specular Marketing Ltd	1	50	05 Jan 24
Allcargo Logistics Ltd	3	1	02 Jan 24

### CONTINUOUSLY MOVING UP

Company Name	Jan 25	Jan 24	Jan 23	Jan 20	Jan 19
Ravindra Energy	121.48	110.44	92.04	82.80	77.86
Salasar Techno	120.19	109.94	107.95	94.88	79.38
IFCI	52.91	48.10	40.09	38.53	32.11
Sakthi Finance	94.09	85.54	71.32	70.77	60.30
Crane Infra	27.99	26.66	24.24	22.04	20.09

### RECENT ANNOUNCEMENTS

**Zee Entertainment Ltd:** Sony has officially called off the much-anticipated merger with Zee Entertainment Enterprises Ltd (ZEEL) in India, ending a two-year acquisition saga. This decision exposes Zee to heightened competition as other industry players strengthen their positions. Sony delivered a termination letter to Zee, pointing to unmet conditions of the merger agreement as the primary reason. While the official announcement is pending, insider sources revealed the development on Monday. A crucial stumbling block in the deal was the leadership dispute, notably the role of Zee's CEO, Punit Goenka, in the merged entity. The impasse escalated due to an ongoing regulatory investigation into Goenka's conduct. Zee insisted on Goenka leading the new entity, as initially agreed in 2021, while Sony expressed reservations amid the regulatory probe.

**Larsen & Toubro Ltd:** L&T Heavy Engineering (HE)'s Modification, Revamp and Upgrade (MRU) business segment has bagged a major order from a key oil and gas customer in KSA for their important debottlenecking project. For the last couple of years, MRU business has concentrated on Middle East opportunities and this order is an important milestone for MRU business in the Middle East.

**Hi-Tech Pipes Ltd:** a leading steel processing company in India, has recently taken a significant stride towards achieving its ambitious goal of reaching a 1 million-tonne production capacity with the successful commissioning and trial production of the greenfield project at Sanand Unit-II (Phase 1) in Gujarat. This move adds 170,000 tonnes to the Sanand Unit-II's capacity. Furthermore, the company is set to embark on two additional greenfield projects at Sikandrabad (U.P.) Unit-III and Sanand Unit-I (Phase 2), contributing 150,000 tonnes (expected by Q3FY25) and 110,000 tonnes (expected by Q4FY25), respectively. These initiatives will propel the company's total capacity to 1 million tonnes by the end of FY25.

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