

V. Jethalal Ramji Share Brokers

.... Tracking Market Since 1906



Market Update

Despite the Israel-Gaza Conflict, Indian Economy Remains Firmly Rooted

Over the preceding weekend, a palpable unease in the Israel-occupied Gaza Strip region of the Palestinian state took a dire turn. A significant and alarming escalation unfolded as Hamas-controlled militia forces launched a massive combined aerial and ground offensive into Israeli territories. The toll was serious with over 700 lives lost, and numerous others left wounded, including innocent civilians, comprising women and children too. In a swift and devastating retaliation, Israeli armed forces responded by attacking Palestinian territories within the Gaza Strip, resulting in over 300 casualties, further compounding the heart-wrenching loss of innocent lives, including women and children.

This harrowing episode marks the deadliest bout of violence witnessed since the tumultuous year of 1967 in a protracted conflict that has tormented the region since its inception in the late 1940s. Amidst the looming spectre of fear that shrouds the affected cities, an intriguing financial narrative unfolds, one which bears a message of opportunity. The aftermath of these tragic events has witnessed the resilience of the financial markets, notably recovering from the abyss that gripped them at the start of the week. In these moments when adversity casts a long shadow, astute investors recognise the alluring prospect that arises when there is proverbial 'blood on the street'.

This is especially true for those seeking mid-cap and small-cap stocks, which often prove to be hidden gems during times of turmoil. Recently, theories pertaining to bond yields, often used to stoke fear, appear increasingly futile. The practicality of moving capital from the Indian equity market to the US debt market, even for foreign portfolio investors, remains a challenging prospect. The sheer volume and capitalisation of the Indian market pale in comparison to its US counterpart, rendering the theory of Indian capital migrating to the US in pursuit of a 5 per cent bond yield somewhat implausible.

Scepticism regarding the feasibility of such a move is entirely warranted. Furthermore, the burgeoning Indian bond market, coupled with its inclusion in the JP Morgan Bond Index, holds the potential for arbitrage opportunities within India itself. The recent surge in geopolitical tensions, while evoking shades of the distress witnessed in March 2020, has not engendered a similar degree of turmoil within the mid-cap and small-cap segments. Credit for this relative stability is owed to the margining system introduced by the Securities and Exchange Board of India (SEBI).

This system, by curbing over-leveraging and restricting the practice of buying and selling on the same day, serves as a protective barrier, preventing free-falls in these market segments unless a particular stock exhibits intrinsic weakness. It is imperative to reiterate that if foreign portfolio investors and high net worth individuals can reap substantial gains in the Indian markets, there exists minimal incentive for them to divert their investments to the US bond market offering approximately a 5.4 per cent yield over a one-year period, a move that, in practice, appears arbitrary and impractical.

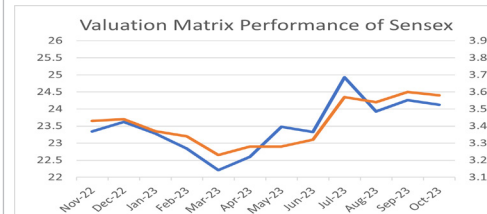
If we leave such traditional metrics as the price-to-earnings (PE) ratio and market capitalisation to GDP aside, two alternative yardsticks for gauging market health come to the forefront: Goods and Services Tax (GST) and tax revenues. These fiscal metrics, indispensable for economic growth, have emerged as vital sources of government expenditure, propelling the wheels of progress. Notably, private capital expenditure is experiencing a notable surge, underscored by a flurry of greenfield projects and strategic acquisitions. The substantial reduction in corporate taxes has facilitated an impressive earnings growth rate, and it has the potential to continue its impressive show for FY24.

In this context, it is of paramount importance for the government to acknowledge the imperative of creating space for MSEM initial public offerings (IPOs). This strategic manoeuvre has led to a significant upswing in employment opportunities and will also augment private capital expenditure at the grassroots level. Furthermore, it promises to enhance compliance, particularly among small and medium-sized enterprise (MSME) promoters as they engage with financial institutions. Atanu Chakraborty, the Chairman of HDFC Bank and Former Economic Affairs Secretary has a similar view aligned to us as he expects India's economy to grow to USD 30 trillion gross domestic product (GDP) by 2050 aided by strong exports and consumption.

Furthermore, the International Monetary Fund (IMF), despite reducing its forecast for global growth to 3 per cent, has increased India's GDP projection by 0.2 per cent to 6.3 per cent. As the markets grapple with the dissonance between a robust domestic macro economy and the disconcerting backdrop of the Israel-Gaza conflict, it becomes evident that earnings shall dictate the market's trajectory in the near term. Accordingly, astute investors are well-advised to keep a vigilant eye on stocks exhibiting commendable earnings growth and a promising vision, as stock-specific action is likely to continue.

Oct - Dec., 2023

Valuation Matrix Performance of Sensex



International Markets

Exchange	12 Jul 23	1 Year Change (%)	52-Week L/H
Bovespa	1,17,051	1.94	96997 / 123010
CAC 40	7,077.68	22.10	5910.39 / 7581.26
DAX	15,342	26.72	12395.99 / 16528.97
Dow Jones	33,631.14	15.13	29614.30 / 35679.13
FTSE 100	7,621.42	11.99	6850.27 / 8047.06
Hang Seng	17,759.00	9.32	14597.31 / 22700.85
Nasdaq	15,184.10	40.78	10632.39 / 15932.05
Nikkei 225	32,289.50	23.00	25661.89 / 33772.89

Top Gainers

Company Name	13 Sep 23	12 Oct 23	% change
Zomato Ltd.	97.91	109.80	12.14
Coal India Ltd.	279.65	307.25	9.87
Cholamandalam Invest.	1159.20	1244.55	7.36
DLF Ltd.	528.95	567.20	7.23
Bajaj Finance Ltd.	7475.50	8014.45	7.21

Top Losers

Company Name	13 Sep 23	12 Oct 23	% change
Tube Investments	3266.70	2914.00	-10.23
Adani Power Ltd.	376.50	347.25	-9.34
Marico Ltd.	583.45	539.45	-8.65
ICICI Prudential Life Ins.	566.75	524.60	-7.04
LTIMindtree Ltd.	5536.25	5155.10	-6.19

Performance of other Indices

Index	Price	1 Year Change (%)
S&P BSE SMALLCAP	38,283.55	33.32
S&P BSE 500	27,619.33	16.77
S&P BSE Auto	37,285.23	28.07
S&P BSE BANKEX	50,006.60	12.05
S&P BSE CAP GOODS	48,033.72	50.48
S&P BSE FMCG	19,046.57	19.96
S&P BSE HEALTHCARE	28,310.50	21.83
S&P BSE IT	32,199.25	15.66
S&P BSE METAL	23,246.34	24.73
S&P BSE Oil & Gas	18,966.49	3.18
S&P BSE REALTY	4,908.49	42.84
S&P BSE POWER	4,547.13	-3.49



Heubach Colorants India Ltd

Company profile

Heubach Colorants India Ltd, formerly known as Clariant Chemicals (India) Ltd, is a leading player in the colorful world of pigments and specialty color solutions. With a diverse and remarkable portfolio, the company specializes in high-performance organic and inorganic pigments, as well as pigment preparations that cater to a wide array of industries, including paints, varnishes, plastics, coatings, printing, inks, adhesives, latex, and construction materials.

Headquartered in India, Heubach Colorants has strategically positioned manufacturing facilities in Roha (Maharashtra), Cuddalore (Tamil Nadu), and Nagda (Madhya Pradesh), ensuring a widespread manufacturing presence across the country. These facilities have enabled the company to establish itself as a global leader in the production of top-notch organic and inorganic pigments and pigment preparations.

Heubach Colorants' strength lies in its extensive professional experience, scientific approach, and close relationships with customers. With a vast customer base of over 4,000 trusted clients in more than 100 countries, offering a comprehensive range of over 2,000 products, and operating from ten Technical Centers, the company stands as a beacon of excellence and innovation in the world of color solutions.

As of March 31, 2023, the company's Plastics and Coatings segment, which includes pigments, pigment preparations, additives and masterbatches constituted 95.43 per cent to its annual revenue while the Specialty Chemicals segment which includes dye-stuff, synthetic resins, functional effects and coating, auxiliaries and chemicals contributed the rest. Around 63.8 per cent of the revenue was generated domestically while 36.2 per cent came from rest of the world.

Product portfolio

The company has carefully curated product portfolio, tailored to cater to a broad spectrum of industries, emphasizing adaptability and versatility. Through extensive research and development, HCIL has honed its product formulations to meet the unique requirements of various sectors, providing specialized solutions that excel in both performance and sustainability. The company's product portfolio consist of:

- Organic Pigments:** Vibrant and environmentally friendly, HCIL's organic pigments offer intense and diverse color options, making them ideal for a wide range of applications. While these pigments excel in providing striking colors, they may have limited durability in certain conditions.
- Inorganic Pigments:** HCIL's inorganic pigments are known for their exceptional opacity and resistance. These pigments are reliable choices for applications where color stability and coverage are paramount, although they may offer a narrower spectrum of colors compared to organics, with slightly lower intensity.
- Pigment Preparations:** HCIL's pigment preparations are meticulously crafted and expertly blended formulations, available in liquid or solid form. These preparations cater to customized colors and specialized applications, ensuring the perfect solution for unique coloring needs.
- Dyes:** HCIL offers sustainable specialty and aluminum dyes, providing environmentally conscious coloring solutions. These dyes are a responsible choice for industries looking to incorporate eco-friendly and vibrant coloring options.

Pigment Industry Outlook

The global pigments market is currently characterized as dynamic and thriving, with a robust presence in various sectors such as paints and coatings, printing inks, and plastics. This market's growth is fueled by several key factors, including the increasing consumer demand for vibrant and high-quality colors, ongoing technological

heubach

BSE Code : 506390

CMP : ₹446.80

Company Details	
Industry	Chemicals
Chairman	Ravi Kapoor
Managing Director	Bharath R Sessa
Company Secretary	Amees Joshi
ISIN Code	INE492A01029
Bloomberg Code	HEUBACHI IN
Reuters Code	HEUB.BO
Key Market Ratio	
Latest Date	13 Oct 23
Latest Price (Rs)	446.8
Previous Close (Rs)	451.2
1 Day Price Var %	-0.98
1 Year Price Var %	8.86
52 Week High (Rs)	538.8
52 Week Low (Rs)	258
Beta	0.43
Face Value (Rs)	10
Industry PE	38.67
TTM Period	202306
TTM EPS (Rs)	10.49
TTM CEPS(Rs)	19.22
Price/TTM CEPS(x)	23.21
TTM PE (x)	42.52
Price/BV(x)	2.3
EV/TTM EBITDA(x)	13.54
EV/TTM Sales(x)	1.31
Dividend Yield%	0
MCap/TTM Sales(x)	1.36
Latest Book Value (Rs)	194.28
Market Cap (Rs in Crores)	1030
EV (Rs)	991
Latest no. of sharesCrores	2
Share Holding Pattern as on 202309	
Promoter No of shares (Rs in Cr.)	13 Oct 23
Promoter %	0.43
FII No of Shares (Rs in Cr.)	10
FII %	38.67
Total No of Shares (Rs in Cr.)	202306
Free Float %	10.49



advancements, and rising disposable incomes on a global scale. Despite encountering some short-term challenges, the pigments market holds promising prospects for long-term growth.

A significant development in the industry is the remarkable surge in demand from vital application sectors, particularly paints and coatings, construction, and plastic pigments. Notably, India has emerged as a promising hub for pigment manufacturing, benefiting from its favorable ecosystem and localized value chain. In India, organic pigments constitute 58 per cent of the total pigment production.

Financial Highlights

In Q1FY24, the company reported net revenue of Rs 209.35 crore fell by 4.88 per cent YoY from Rs 220.09 crore while sequentially rose by 16.53 per cent. EBITDA rose by 31.06 per cent YoY and stood at Rs 26.16 crore from Rs 19.96 crore and sequentially grew by 51.74 per cent. Net profit stood at Rs 16.00 crore compared to Rs 10.94 crore, a YoY growth of 46.25 per cent; on sequential basis, net profit rose by 10.94 per cent. The operating margin improved by 454 bps YoY and 296 bps QoQ at 12.3 per cent. Net profit margin improved by 267 bps YoY and 250 bps QoQ and stood at 7.6 per cent.

For the fiscal year 2023, the company's net revenue stood at Rs 766.42 crore which fell by 8.71 per cent YoY from Rs 839.51 crore from the previous fiscal year. EBITDA fell by 13.81 per cent YoY and stood at Rs 60.60 crore compared to Rs 70.31 crore from previous fiscal year. Net profit stood at Rs 19.19 crore compared to Rs 43.31 crore, a YoY decrease of 55.69 per cent. The operating margin improved by 68 bps YoY to stand 8.0 per cent. However, net profit margin fell by 266 bps YoY, and stood at 15.9 per cent.

Valuation & Outlook

At TTM, HCIL is trading at a P/E of 81.0x which is higher compared to its 3-year median P/E (27.4x). The company is trading at 2.39 times its book value and has a PEG ratio of 26.1x. Hence the stock is available at an expensive valuation. The company is virtually debt free and has an interest coverage of 331x. The company has maintained a healthy average (5-year) CFO/PAT of 1.21x.

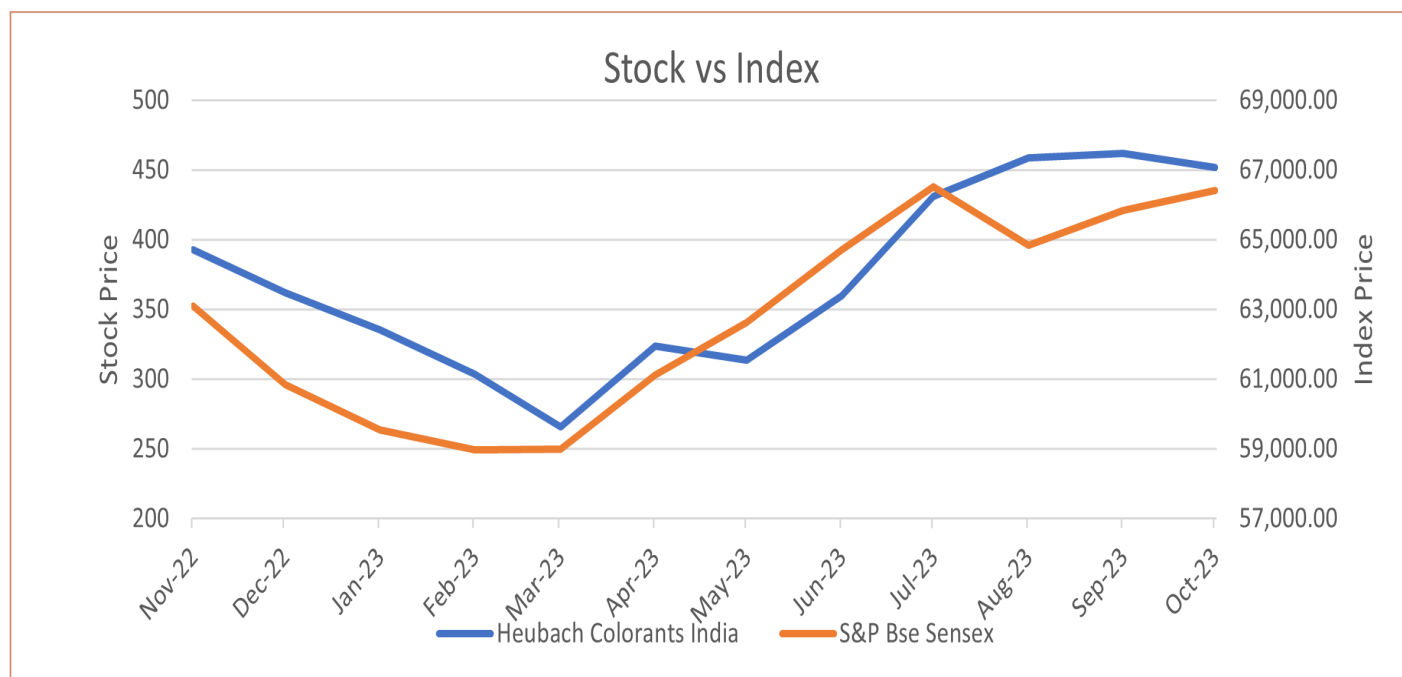
As global supply chains actively seek alternatives to China to reduce dependency and diversify sourcing, a strategic opportunity arises for India to attract investments and expand its chemicals sector. HCIL can position itself as a reliable and competitive partner for international companies looking to establish manufacturing and supply capabilities in India. Hence, we recommend a BUY on HCIL.

Standalone Profit and Loss

Particulars	2023	2022	2021	2020	2019	2018
Sales	766.42	839.51	730.77	757.28	718.75	1013.56
Expenses	704.94	777.87	646.29	697.42	677.08	969.57
Operating Profit	61.48	61.64	84.48	59.86	41.67	43.99
OPM%	8.02%	7.34%	11.56%	7.90%	5.80%	4.34%
Other Income	-0.88	8.67	268.06	49.65	17.13	27.75
Depreciation	20.4	20.35	35.97	39.24	29.16	37.72
Interest	0.23	0.47	2.6	3.83	0.62	0.6
PBT	39.97	49.49	313.97	66.44	29.02	33.42
Net profit	19.18	43.32	219.76	50.71	18.56	21.6
EPS in Rs	8.30	18.75	95.13	21.95	8.03	9.35
Dividend Payout%	0.00%	0.00%	215.30%	50.07%	124.35%	53.43%

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Two Buzzing Stocks

TATA CHEMICALS LIMITED

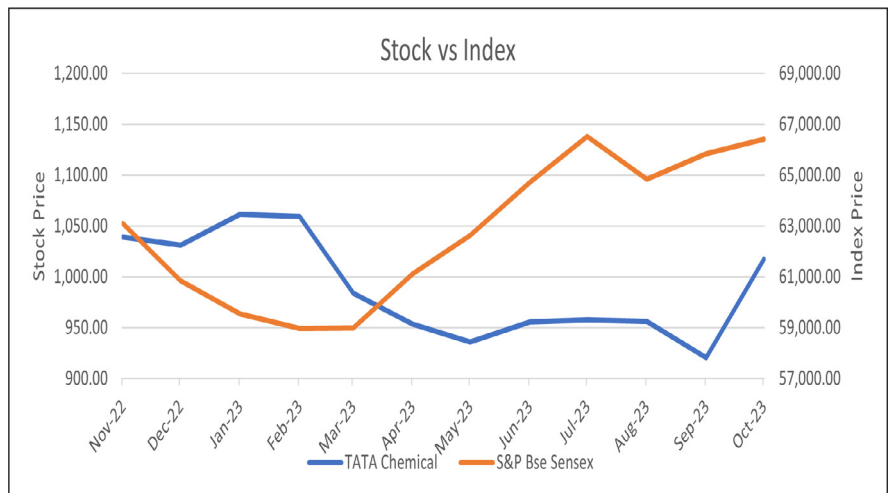
BSE Code : 500770

52 Week High / Low : ₹1199.85 / ₹877.90

Face Value : ₹10

Tata Chemicals Limited (TCL) is a Tata Group company with over 80 years of experience in the chemical industry. It is a global leader in the production of soda ash and sodium bicarbonate, and also a pioneer in the production of iodised salt in India. TCL has a diversified portfolio of businesses, including basic chemistry products, salt-making facility, specialty products, and agri science and crop protection. The company is committed to sustainable development and innovation, and is well-positioned to benefit from the growing demand for chemicals in India and globally. Tata Chemicals' Q1FY24 financial performance was mixed, with higher revenue and EBITDA, but lower PAT. This was due to lower volumes in the Soda Ash business and higher interest costs and tax outflow.

The company remains focused on managing margins, cost structures, and debt repayment. It is also committed to its expansion plans in India, Kenya, and the US. The company is also engaged in the chemical requirements of the Tata Group's EV battery plans. The soda ash industry is facing short-term challenges due to new capacities in Inner Mongolia, China. However, new applications such as solar glass and lithium-ion batteries are expected to balance the demand-supply dynamics in the medium term. Overall, Soda ash price is currently have increased if we compare it with the last 2-3 months and Soda Ash prices have gained by 11.78 per cent from the beginning of the year. Currently, shares of the company are trading at a P/E of 11.7x which is lower than its 3-year median P/E of 19x whereas the Industry P/E stands at 30.1x. If we look at its price-to-book it is currently at 1.34x.



Genus Power Infrastructures Ltd.

BSE Code : 530343

52 Week High / Low : ₹290.00 / ₹76.50

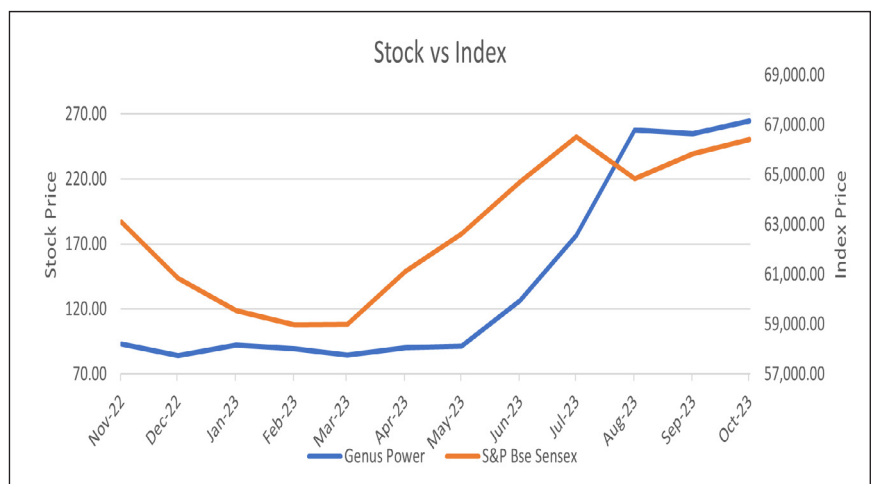
Face Value : ₹1

Genus Power Infrastructures Limited (Genus) is a leading Indian smart metering company. It provides a full range of smart metering products, solutions, and services. Genus is also a pioneer in the development and provision of smart metering solutions in India. Genus has a strong track record of innovation and has developed the unique capability of providing end-to-end metering solutions and services, including metering communications, controls, acquisition, and management software. Genus also provides domain-related software and SaaS (Software as a Service) to utilities with robust avenues of recurring revenue through Facility Management Services (FMS). Genus' key clients are state electricity boards (SEBs) and private utilities. Genus Power Infrastructures Limited (Genus) has secured orders worth Rs 4,400 crores in Q1 FY24, with a total order book of Rs 8,200 crores. The execution cycle for the current order book is expected to be completed within 24 to 27 months, providing healthy visibility for top-line growth in FY24-25.

Genus signed a definitive agreement with Gem View Investment for setting up a platform for undertaking AMISP concessions and will be the exclusive supplier for smart meters and associated services. The company also signed a commitment letter with the United States International Development Finance Corporation to obtain a loan for scaling up the deployment of electric smart meters across India.

Genus reported sales of Rs 261 crores in Q1 FY24, up by 39.6% compared to Q1 FY23. EBITDA stood at Rs 29 crores, up by 99.7% compared to Q1 FY23. PAT stood at Rs 19 crores for Q1 FY24. The company expects total revenue of around Rs 1,200 crores in the current financial year.

The Indian metering industry is expected to see strong order inflow, healthy top-line growth, higher operating margins, and an improved working capital cycle going forward. Genus is confident of significant improvement in business operations from Q3 FY24 onwards.





Market Statistics

DIVIDEND BECOME EX-DATED IN FORTHCOMING DAYS

Company Name	Dividend (%)	Ex Div Date	Company Name	Dividend (%)	Ex Div Date
Brand Concepts Ltd.	5	19 Oct 23	Accelya Solutions India Ltd.	300	6 Oct 23
SEMAC CONSULTANTS Ltd.	50	19 Oct 23	Him Teknoforge Ltd.	20	22 Sep 23
Caspian Corporate Services Ltd.	5	17 Oct 23	Hindustan Composites Ltd.	40	22 Sep 23

NET INVESTMENT IN EQUITY MARKETS (₹/CR)

Days	FII's	DII's	Days	FII's	DII's
12 Oct 23	-1,862.57	1,532.08	5 Oct 23	-1,864.20	521.41
11 Oct 23	-421.77	1032.02	4 Oct 23	-4,424.02	1769.49
10 Oct 23	-1,005.49	1963.34	3 Oct 23	-2,034.14	1361.02
9 Oct 23	772.83	-486.9	29 Sep 23	-1,685.70	2751.49
6 Oct 23	-90.29	783.25	28 Sep 23	-3,364.22	2,711.48

SPLIT DECLARED IN LAST FEW DAYS

Company Name	Date Of Announcement	Old Face Value	New Face Value
Talbro Automotive Compo. Ltd.	27 Oct., 23	10	2
BCL Industries Ltd.	27 Oct., 23	10	1
Geekay Wires Ltd.	23 Oct., 23	10	2
Rudra Global Infra Products Ltd	18 Oct., 23	10	5
Themis Medicare Ltd.	10 Oct., 23	10	1
Gujarat Themis Biosyn Ltd	09 Oct., 23	5	1

EX-BONUS

Company Name	Ex-Bonus Date	Current Holding	Ratio Offered
Shri Venkatesh Refineries Ltd.	1	1	27 Oct., 23
Rudra Global Infra Products Ltd.	1	1	18 Oct., 23
Kama Holdings Ltd.	4	1	17 Oct., 23
Gensol Engineering Ltd.	2	1	17 Oct., 23
RMC Switchgears Ltd.	1	2	13 Oct., 23
MRP Agro Ltd.	2	1	13 Oct., 23
Advance Lifestyles Ltd.	1	1	13 Oct., 23
Jonjua Overseas Ltd.	9	50	10 Oct., 23

CONTINUOUSLY MOVING UP

Company Name	Oct 12	Oct 11	Oct 10	Oct 09	Oct 06
Swasti Vinayaka	4.35	4.32	4.18	4.08	3.41
DCM Financial	7.28	6.94	6.32	5.75	5.23
Techknowgreen	169.30	141.10	134.40	128.00	122.25
Safa Systems	17.15	16.30	15.15	13.90	12.10
Nagpur Power	156.69	149.23	142.13	137.35	132.69

RECENT ANNOUNCEMENTS

Vipul Organics Limited : The leading speciality chemicals company of India, has received the OEKO-TEX ECO PASSPORT for its entire pigment and reactive dyes product range for the textile industry, under the brand names of SunPrint and SunActive respectively. This means that the entire product range of Vipul Organics for the Textile Industry is now certified as ZDHC (Zero Discharge of Hazardous Chemicals) Level 3. In 2022, Vipul Organics first received the OEKO-TEX certification for its pigments range with Level 1 qualifications. Now, in 2023, with ZDHC Level 3, it becomes amongst the first few global companies to have been awarded this certificate. The OEKO-TEX ECO Passport ZDHC Level 3 is the definitive certification system for chemicals, colourants and auxiliaries used in the textile and leather industry.

Integra Engineering India Ltd : The company announced that it is expanding its existing capacity of 178,313 square feet by adding 75,180 square feet. The expansion is expected to be completed between April and June 2024 and will require an investment of Rs 21,83,00,000. The proposed addition in the capacity is expected to enhance the production and other facilities at the factory as well as revamp of office building in a phased manner. This would help the company in accepting multiple orders in future and thereby generating extra revenue. Integra Engineering is a subsidiary of Integra Holding AG, Switzerland.

EMS Ltd : The company has awarded a contract of Rs 270.82 crores, out of which the value of capex is Rs 260.17 crore and the value of operation & maintenance work is Rs 10.65 crore. The order includes providing, laying, jointing, testing and commissioning of sewerage system and all ancillary works along with 1-year defect liability and 10 Years O & M for towns under package AMRUT 2.0, a. Jaipur (Heritage)- Sewer System. The order is received from the Office of Municipal Corporation, Jaipur Heritage. EMS Limited is a company that specializes in providing turnkey services for water and wastewater collection, treatment, and disposal. EMS has its headquarter in Delhi, India

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