

# V. Jethalal Ramji Share Brokers

.... Tracking Market Since 1906



## Market Update

### Market Faces Geopolitical Tensions, Eyes on Earnings Season

Over the past month, the Indian equity benchmark indices have significantly underperformed compared to the US markets. This underperformance is largely attributed to two key factors: an aggressive sell-off by foreign institutional investors (FIIs) and escalating tensions in the Middle East which triggered a surge in crude oil prices. This has reignited inflation concerns and the impact it could have on India's fiscal deficit. However, despite these headwinds, the NSE benchmark Nifty 50 index has managed to rebound from its October 7 lows.

Yet, the price action suggests that the index faces profit booking or selling pressure at higher levels. The ongoing Middle East conflict has left investors wary, with the market direction still uncertain. Investors are also keenly watching for today's US inflation data. The US Federal Reserve's recent comments on inflation control have buoyed the US markets, and crude oil prices have been on a downtrend, offering some relief for the domestic market. However, persistent FII selling in the Indian markets, despite domestic investors stepping in as net buyers, continues to weigh on the overall sentiment.

On the domestic turf, the Reserve Bank of India (RBI) held its monetary policy meeting, hinting at the possibility of its first interest rate cut in its upcoming meets. This shift in stance initially provided a brief lift to the equity markets, though the gains were later pared. The RBI's policy statement underscores that while growth remains resilient, inflation control is still an incomplete mission. External risks, particularly geopolitical tensions and weather disruptions like La Niña affecting Rabi crop production, further complicate the inflation outlook. As such, an immediate rate cut seems off the table.

The RBI could announce a rate cut before the budget in February 2025, but the decision would be influenced by the need to protect the rupee rather than stimulating growth. The recent US Federal Reserve's rate cut had sparked hopes of similar action from the RBI. Historically, emerging market central banks have often aligned their policies with the Federal Reserve. But for now, the RBI seems cautious about following suit. Meanwhile, as we move deeper into the earnings season, TCS' Q2 results are highly anticipated, with the IT bellwether expected to report around 2 per cent revenue growth.

The market's reaction to TCS' performance will likely set the tone for other IT majors. On the automotive front, the index has seen impressive gains of 42.54 per cent year-to-date. The two-wheeler and tractor segments are expected to outperform in Q2FY25, while commercial vehicles may lag. Passenger vehicles could show a muted performance due to high inventories, as slower retail demand has limited wholesale growth. Despite this, rural recovery has been strong, and festive sales will be crucial to monitor.

Looking ahead, volume growth may moderate due to the high base, but earnings growth will likely be driven by operational efficiency, premiumisation and better product mixes. Legacy automakers are also expected to push aggressively into premium and electric vehicle (EV) segments in the coming quarters, keeping the sector's outlook positive. From a technical standpoint, Nifty has adhered to a pattern of not correcting by more than 6 per cent in CY24. Supportive buying emerged after the recent 6 per cent correction, indicating that the zone of 24,650-24,800 will serve as a critical support in the near term.

A decisive break below this level, possibly triggered by further geopolitical escalations, could lead to an extended correction, with the next major support at 24,300, aligning with the 100-day EMA. Similarly, Bank Nifty has maintained a rhythm of not correcting by more than 9 per cent this year. Holding above the 51,000 mark would signal a pause in the current downtrend, with a potential pullback toward 52,400. Monday's low of 50,200 remains a key support level to watch. In conclusion, earnings outcome could set the tone for the markets in the near term with important support for the Nifty 50 index placed in the region of 24,650 - 24,800.

## Oct - Dec., 2024

Valuation Matrix Performance of Sensex



### International Markets

Exchange	10 Oct 24	1 Year Change (%)	52-Week L/H
Bovespa	1,30,353.00	11.36	112,098 / 137,469
CAC 40	7,541.59	5.75	6,773.82 / 8,259.19
DAX	19,209.84	24.26	14,630.21 / 19,491.93
Dow Jones	42,512.00	25.59	32,327.2 / 42,628.32
FTSE 100	8,243.74	8.11	7,279.86 / 8,474.41
Hang Seng	20,637.24	18.77	14,794.16 / 23,241.74
Nasdaq	18,282.05	33.84	12,543.86 / 18,671.07
Nikkei 225	39,581.00	23.42	30,538.29 / 42,426.77

### TOP GAINERS

Company	10 Oct 24	10 Sep 24	% change
MAHINDRA & MAHINDRA	3193.40	2692.10	18.62
SIEMENS LTD.	7683.75	6582.65	16.73
TRENT LTD.	8033.30	7131.70	12.64
VEDANTA LTD.	492.30	440.00	11.89
APL APOLLO TUBES LTD.	1573.15	1414.05	11.25

### TOP LOSERS

Company	10 Oct 24	10 Sep 24	% change
AVENUE SUPERMARTS	4606.45	5359.95	-14.06
DABUR INDIA LTD.	571.90	664.7	-13.96
GODREJ CONSUMER PROD.	1316.30	1502.5	-12.39
TATA MOTORS LTD.	928.85	1035.45	-10.3
ASHOK LEYLAND LTD.	225.65	248.2	-9.09

### Performance of Indices

Index	Price	1 Year Change (%)
S&P BSE SMALLCAP	56,353.36	48.42
S&P BSE 500	37,190.94	34.85
S&P BSE Auto	59,971.26	63.47
S&P BSE BANKEX	58,623.32	17.03
S&P BSE CAP GOODS	71,507.19	49.09
S&P BSE FMCG	20,701.45	8.54
S&P BSE HEALTHCARE	37,131.63	30.84
S&P BSE IT	35,708.07	8.92
S&P BSE METAL	33,231.54	44.11
S&P BSE Oil & Gas	29,966.87	60.22
S&P BSE REALTY	8,187.18	67.84
S&P BSE POWER	8,451.90	86.66





## RELIANCE POWER LTD.

Reliance Power, a prominent player in India's energy sector and a subsidiary of the Reliance Group has undergone significant developments in its financial and operational landscape. The company focuses on power generation, boasting a diverse portfolio that includes thermal, hydroelectric, and renewable energy projects. Recently, Reliance Power has seen a surge in stock prices, driven by strategic initiatives aimed at debt reduction and improving operational efficiency.

### Background and Establishment

Founded in 2007 as part of the Reliance Anil Dhirubhai Ambani Group (Reliance ADA Group), Reliance Power was established by Anil Ambani following the split of the original Reliance Group in 2005. The company garnered considerable attention with its initial public offering (IPO) in 2008, raising approximately Rs 11,560 crore, which made it one of the largest IPOs in Indian history at that time.

### Early Success and Challenges

Initially, Reliance Power's stock performed well post-IPO. However, it faced significant challenges shortly thereafter.

- Market Volatility:** The global financial crisis and subsequent market instability led to a sharp decline in its stock price.
- Regulatory Hurdles:** The company encountered various regulatory challenges that delayed project implementations, including environmental clearances and land acquisition issues.
- Rising Costs:** Increased costs associated with project development further strained financial performance, particularly due to fluctuating fuel prices and inflationary pressures.
- Promoter Narrative:** Anil Ambani's leadership was crucial during this turbulent period. Following the IPO, he faced intense scrutiny regarding the company's ability to deliver on its ambitious plans.
- Debt Burden:** Reliance Power accumulated significant debt due to its aggressive expansion strategy, which became a critical challenge as interest obligations mounted. The promoter's efforts to restructure this debt were essential for stabilizing the company's financial health.
- Investor Sentiment:** The decline in stock performance affected investor confidence, leading to scepticism about the company's prospects. Anil Ambani had to work diligently to rebuild trust among investors and stakeholders.
- Competition:** The energy sector in India became increasingly competitive, with new entrants and established players vying for market share. This competition put additional pressure on Reliance Power's market positioning and pricing strategies.

### Business Overview

Reliance Power operates across several segments within the energy sector:

- Power Generation (Thermal Power)**
  - The company has an installed capacity of approximately 6,000 MW.
  - Key projects include the Sasan Ultra Mega Power Project (UMPP) and the Rosa Power Project.
- Renewable Energy**
  - Reliance Power is investing heavily in renewable energy, aiming to enhance its portfolio with solar and wind projects.
  - The company has announced plans to develop significant solar power capacities, contributing to India's renewable energy goals.
- Hydroelectric Projects**
  - Reliance Power is involved in hydroelectric power generation, with ongoing projects that leverage India's vast water resources.

**RELIANCE**  
**Power**

BSE Code : 532939

CMP : ₹46.47

#### Company Details

Industry	Power Generation/ Distribution
Chairman	Sateesh Seth
Managing Director	--
Company Secretary	Ramandeep Kaur
ISIN Code	INE614G01033
Bloomberg Code	RPWR IN
Reuters Code	RPOL.BO

#### Key Market Ratio

Latest Date	10-Oct-24
Latest Price (Rs)	46.47
Previous Close (Rs)	48.31
1 Day Price Var%	-3.81
1 Year Price Var%	161.51
52 Week High (Rs)	54.25
52 Week Low (Rs)	15.53
Beta	0.85
Face Value(Rs)	10.00
Industry PE	27.72
TTM Period	202406
TTM EPS(Rs)	0.13
TTM CEPS(Rs)	0.15
Price/TTM CEPS(x)	315.69
TTM PE (x)	365.59
Price/BV(x)	1.99
EV/TTM EBITDA(x)	586.15
EV/TTM Sales(x)	1327.18
Dividend Yield%	0.00
MCap/TTM Sales(x)	1084.02
Latest Book Value (Rs)	23.40
Market Cap (Rs in Crores )	18666.86
EV (Rs)	22853.95
Latest no. of shares (in Crores )	401.70

#### Share Holding Pattern as on 202406

Promoter No of shares (Rs. in Crores )	93.35
Promoter %	23.24
FII No of Shares(Rs. in Crores )	0.00
FII %	
Total No of Shares(Rs. in Crores )	401.70
Free Float %	76.76





## RELIANCE

### Power

- Revenue Contribution Across Segments
- Thermal Power: Approximately 80 per cent of total revenue.
- Renewable Energy: Around 15 per cent of total revenue.
- Hydroelectric Projects: About 5 per cent of total revenue.

## Financial Performance

### FY24 Performance

In FY24, Reliance Power encountered financial difficulties despite net sales growth, which rose to Rs 7,892.6 crore from Rs 7,513.91 crore in FY23. This growth was overshadowed by a substantial increase in total expenditure, which climbed to Rs 6,735.29 crore from Rs 5,648.99 crore due to higher fuel and operational costs. Consequently, Profit Before Interest, Depreciation, and Tax (PBIDT) decreased to Rs 1,524.94 crore from Rs 2,204.97 crore. Profit Before Tax (PBT) plunged to - Rs 2,028.15 crore, a significant decline from - Rs 278.98 crore the previous year, while Profit After Tax (PAT) dropped to - Rs 2,242.18 crore compared to - Rs 342.89 crore in FY23. On a positive note, equity increased to Rs 4,016.98 crore from Rs 3,735.21 crore, and total debt was reduced to Rs 18,765.83 crore from Rs 21,236.03 crore.

### Q1 FY25 Performance

In Q1 FY25 (June 2024), Reliance Power reported net sales of Rs 1,992.23 crore, up 4.07 per cent. Total expenditure rose slightly to Rs 1,341.58 crore, but PBIDT improved to Rs 650.65 crore. Growth in other income boosted operating profit to Rs 727.6 crore. However, the company reported a net loss of Rs 97.85 crore, an improvement from a loss of Rs 296.31 crore in Q1 FY24.

## Recent Developments

### December 2023

- **Debt Settlement:** Reliance Power's subsidiaries, Kalai Power Pvt Ltd and Reliance Cleangen Ltd settled debts totaling Rs 1,023 crore with Reliance Commercial Finance Ltd. This was part of the company's broader strategy to achieve a debt-free status by March 31, 2024.

### August 22, 2024

- **Regulatory Ban:** The Securities and Exchange Board of India (SEBI) imposed a five-year ban on Anil Ambani from the securities market due to allegations of fund diversion. Reliance Power clarified that it was not a party to these proceedings.

### September 17, 2024

- **Major Debt Settlement:** Reliance Power announced the settlement of Rs 3,872 crore in obligations related to Vidarbha Industries Power Limited (VIPL). This included pledging 100 per cent shares of VIPL in favour of CFM Asset Reconstruction, which led to the release of corporate guarantees previously held by Reliance Power.

### September 25, 2024

- **Rosa Power Debt Prepayment:** Rosa Power, a subsidiary

of Reliance Power, prepaid Rs 850 crore in debt to Varde Partners as part of its strategy to clear liabilities ahead of schedule. This move aligns with the parent company's goal of maintaining zero debt status.

### October 3, 2024

- **Fundraising Initiatives:** The board approved a preferential allotment to raise Rs 1,525 crore through equity shares and warrants to support business expansion and further reduce debt. This funding is expected to enhance financial flexibility for future growth initiatives.

## Growth Triggers

1. **Strategic Capital Raising:** Ongoing initiatives to raise capital are expected to bolster financial stability and support expansion into new markets.
2. **Focus on Renewables:** Investments in renewable energy align with global trends toward sustainability and government initiatives promoting clean energy.
3. **Operational Efficiency:** Continuous improvements in operational processes are expected to enhance profitability margins.
4. **Government Support:** Favorable policies aimed at boosting infrastructure development provide a conducive environment for growth.
5. **Market Sentiment:** Positive investor sentiment is anticipated to drive stock performance as the company continues its strategic initiatives.

## Valuation

### Profitability Ratios:

- Price-to-Earnings (P/E): 0.00
- Indicating zero earnings

### Asset Valuation:

- Price-to-Book: 1.9

### Operational Efficiency:

- EV/EBITDA: 568x
- High multiples for earnings metrics suggest operational inefficiencies.

Reliance Power's valuation metrics reflect a company facing significant profitability challenges. While some ratios suggest underlying value, the overall picture indicates operational inefficiencies and financial stress.

## Competitive Challenges

Reliance Power faces several competitive challenges that impact its market position:

1. **Market Saturation:** The urban energy market is becoming increasingly saturated, making it difficult for Reliance Power to grow its customer base effectively. Competitors are aggressively targeting both urban and underserved rural markets.



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## RELIANCE Power

- 2. Technological Advancements:** Competitors are rapidly adopting new technologies, leading to improved efficiency and lower operational costs. This technological edge allows them to offer more competitive pricing and better service delivery.
- 3. Government Policies:** Increasing government support for renewable energy projects favours competitors who are more focused on sustainable solutions. This shift in policy creates a challenging environment for Reliance Power, which has significant investments in traditional energy sources.
- 4. Financial Constraints:** Reliance Power's high debt levels limit its ability to invest in new projects compared to com-

petitors like NTPC, Adani Power, and Tata Power, which have stronger financial positions and can pursue aggressive growth strategies.

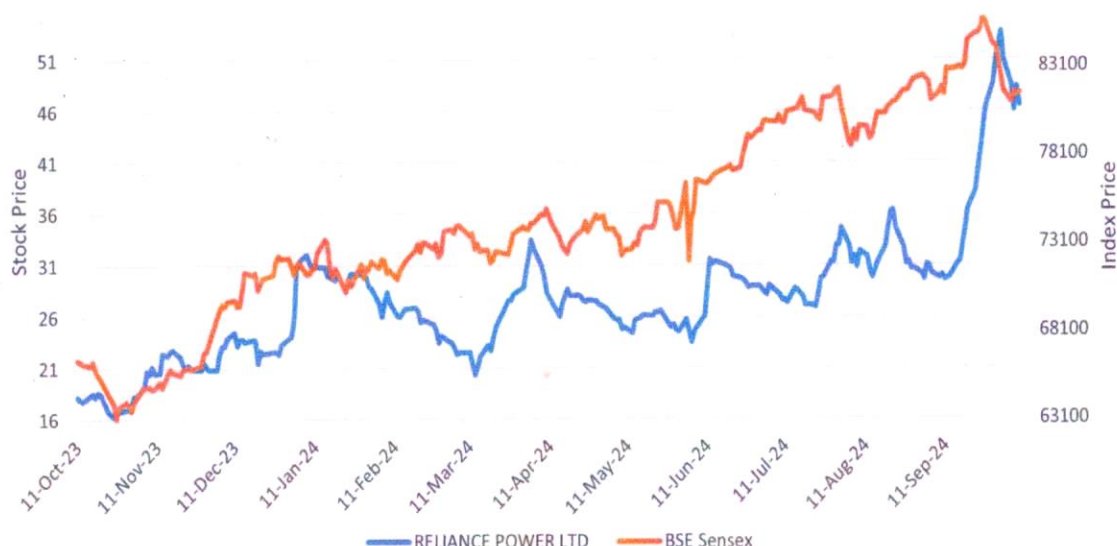
### Conclusion

Reliance Power is showing promising signs of recovery through significant debt reduction, strategic asset sales, and a strong focus on renewable energy. With plans to eliminate outstanding debt and recent market confidence reflected in its rising capitalization, we recommend investors to BUY Reliance Power shares. The company is moving towards sustainable operational improvement and profitability, making it an attractive opportunity for potential investors.

### Inc/Exp Statement (Standalone) (Rs. in Crores)

Description	Mar - 24	Mar - 23	Mar - 22	Mar - 21	Mar - 20
Net Sales			41.89	39.07	53.53
Total Income	109.63	121.39	184.06	522.12	339.42
Total Expenditure	77.69	318.87	32.67	26.35	30.56
PBIDT	31.94	-197.48	151.39	495.77	308.86
PAT	44.18	673.18	-277.32	55.34	-388.84
Adj. EPS(Rs)	0.11	1.8	-0.82	0.2	-1.39

### Stock vs Index







## Two Buzzing Stocks

### Jio Financial Services Limited

BSE Code : 543940

52 Week High / Low : ₹394.70 / ₹204.65

Face Value : ₹10

**J**io Financial Services Limited (JFSL) was originally incorporated as Reliance Strategic Investments Private Limited in July 1999. The company is engaged primarily in the business of investing and financing in India. JFSL aims to fulfil and surpass the four core needs of customers transacting, borrowing, investing, and protecting through its wide array of financial services.

The Securities and Exchange Board of India (SEBI) granted in-principle approval to the company and BlackRock Financial Management Inc. on October 3, 2024, allowing them to act as co-sponsors and establish the proposed mutual fund. The company has entered into a 50-50 joint venture with BlackRock to launch wealth management and broking businesses. The JioFinance App is a state-of-the-art platform that addresses the everyday financial needs of its customers by integrating digital banking, UPI transactions, bill payments, and insurance advisory through a user-friendly interface.

The company's quarterly income remained steady at Rs 418 crore in Q1FY25. EBITDA increased by 7.5 per cent, rising to Rs 344 crore in Q1FY25 from Rs 320 crore in the previous quarter. Net profit saw a modest increase of 0.64 per cent, reaching Rs 313 crore, up from Rs 311 crore in the prior quarter. Currently, shares of Jio Financial Services are trading at a P/E ratio of 137x, significantly higher than the industry average P/E of 23.4.

JFSL remains committed to innovation, with plans to invest further in advanced technologies like Artificial Intelligence (AI) and Machine Learning (ML). These investments are aimed at enhancing service offerings, improving operational efficiency, and delivering personalised financial solutions. The company is also exploring partnerships with fintech startups to stay at the forefront of technological advancements in the financial sector.



### NELCO Limited

BSE Code : 504112

52 Week High / Low : ₹1,335.80 / ₹647.65

Face Value : ₹10

**N**elco is a key player in India's satellite communication (Satcom) industry, delivering innovative solutions to enterprise and government clients. Its primary offerings include VSAT connectivity, Satcom projects, and integrated security and surveillance solutions. The company's strategy focuses on providing reliable, flexible, and cost-effective Satcom services, especially to businesses and government bodies in remote areas, helping them access critical communication services and leverage digital technologies.

India's Satcom industry is witnessing robust growth, fueled by government policies, technological advancements, and the increasing demand for data-intensive applications. However, in Q1 FY25, Nelco reported sales of Rs 74.08 crore, a 5.99 per cent decline compared to Q1 FY24. EBITDA dropped by 14.68 per cent to Rs 12.32 crore, while PAT stood at Rs 4.51 crore. Despite these dips, Nelco's revenue model—driven by VSAT hardware sales and recurring service fees remain strong, with recurring revenues offering growth potential.

The company enjoys high customer retention rates, ensuring stable revenue streams. With ongoing regulatory changes and technological innovations, new opportunities are emerging for VSAT usage, bolstering future growth prospects. Nelco is well-positioned to capitalize on these trends, backed by its market presence and partnerships with global leaders. Currently, shares of the company are trading at a P/E of 102x, which is higher than its 3-year median P/E of 87x. If we look at its price-to-book - it is currently at 18.5x, which is slightly higher than its 3-year median price-to-book value of 16.7x.







## Market Statistics

### DIVIDEND BECOME EX-DATED IN FORTHCOMING DAYS

Company Name	Dividend (%)	Ex Div Date	Company Name	Dividend (%)	Ex Div Date
JNK India Ltd	15	21 Oct 24	Accelya Solutions India Ltd	400	4 Oct 24
NRB Bearings Ltd	125	16 Oct 24	KPI Green Energy Ltd	4	4 Oct 24
K.P. Energy Ltd	2	7 Oct 24	Steel Strips Wheels Ltd	100	23 Sep 24

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

Days	FII's	DII's	Days	FII's	DII's
Oct 10, 2024	-4,926.61	3,878.33	Oct 3, 2024	-15,243.27	12,913.96
Oct 9, 2024	-4,562.71	3508.61	Oct 1, 2024	-5,579.35	4609.55
Oct 8, 2024	-5,729.60	7000.68	Sep 30, 2024	-9,791.93	6645.8
Oct 7, 2024	-8293.41	13245.12	Sep 27, 2024	-1,209.10	6886.65
Oct 4, 2024	-9896.95	8,905.08	Sep 26, 2024	629.96	2,405.12

### SPLIT DECLARED IN LAST FEW DAYS

Company Name	Date Of Announcement	Old Face Value	New Face Value
Dr Reddys Laboratories Ltd	Oct 28, 2024	5	1
Pondy Oxides & Chemicals Ltd	Oct 25, 2024	10	2
HEG Ltd	Oct 18, 2024	10	2
Sacheta Metals Ltd	Oct 18, 2024	10	2
Humming Bird Education Ltd	Oct 18, 2024	10	1
Vaishali Pharma Ltd	Oct 16, 2024	10	5

### EX-BONUS

Company Name	Current Holdings	Ratio Offered	Ex-Bonus Date
Grovya India Ltd	3	1	Oct 23, 2024
Vaishali Pharma Ltd	1	1	Oct 15, 2024
Aurangabad Distillery Ltd	1	4	Oct 14, 2024
Moxsh Overseas Educon Ltd	3	1	Jan 17, 2024
Power Mech Projects Ltd	1	1	Jan 12, 2024
NBCC (India) Ltd	1	2	Jan 11, 2024
Classic Electricals Ltd	5	1	Jan 5, 2024
NDR Auto Components Ltd	1	1	Jan 2, 2024

### CONTINUOUSLY MOVING UP

CompanyName	Oct 10	Oct 09	Oct 08	Oct 07	Oct 04
Shrydus Industries	28.98	27.60	23.00	19.17	15.98
India Steel Works	5.83	5.08	4.64	3.87	3.52
Hawa Engineers	312.50	260.45	217.05	204.50	198.25
Lyons Corporate	10.76	10.25	9.32	8.48	7.71
Regency Fincorp	37.64	35.85	34.15	32.53	30.99

### RECENT ANNOUNCEMENTS

**Transformers and Rectifiers (India) Limited** has successfully secured orders worth Rs 565 Crore and Rs 114 Crore from Power Grid Corporation of India Limited and RRVNPL, respectively. These domestic orders entail the manufacturing and delivery of transformers and reactors ranging from 80 MVAR to 500 MVA and 420kV to 765 kV class. The execution of these contracts is slated for the financial year 2025-2026.

**Ganesh Green Bharat Ltd** announced that it has been selected as the Solar Power Developer (SPD) for a 9 MW (AC) solar photovoltaic power generating station project under the Mukhyamantri Saur Krushi Vahini Yojana 2.0 scheme. The project, awarded by the Maharashtra State Electricity Distribution Company Limited (MSEDCL), is part of the Prime Minister's Kisan Urja Suraksha and Uththan Yojana (PM-KUSUM) scheme.

**Maharashtra State Power Generation Company Limited (MAHAGENCO)** has awarded a contract to Mazagon Dock Shipbuilders Limited (MDL) for the supply, installation, and commissioning of an AI-based Comprehensive Infrasecure Project at its GTPS-Uran and KGSC-Pophali power plants. As of June 30, 2024, the company's order book stands at Rs 36,839 crore and as of June 2024, FIIs and DIIs have increased their stakes to 2.44 per cent & 0.83 per cent, respectively compared to 2.38 per cent & 0.66 per cent, respectively in March 2024. The company has a market cap of over Rs 88,000 crore

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