

Indices	Current Value	% 1 D	% YTD
Sensex	73,878	-1.0	2.3
Nifty	22,476	-0.8	3.4
BSE Midcap	42,415	-0.2	15.1
BSE Small cap	47,191	-0.5	10.6

**Sectors – Performance (BSE)**

Metal	31,829	0.8	17.9
Healthcare	35,571	0.2	12.7
Power	7,317	-0.1	25.8
Telecom	2,660	-1.4	17.4
Capital Goods	62,617	-1.2	12.5
Realty	7,554	-1.1	22.1

Nifty Gainers/Losers	CMP	% Chg
COALINDIA	475	4.6
GRASIM	2,481	1.8
ONGC	286	1.2
LT	3,500	(2.8)
MARUTI	12,492	(2.4)
NESTLEIND	2,456	(2.2)

**FII Trading activities in Cash**

	Date	Net	MTD
FII	03-May-24	-2,392	-3,356
DII	03-May-24	691	2,043

Figs. in Rs Cr.

Global Indices	Current Value	% 1 D	% YTD
Dow Jones	38,676	1.2	2.5
NASDAQ	16,156	2.0	9.4
DAX	17,994	0.5	7.3
Nikkei 225	38,236	(0.1)	14.9
FTSE 100	8,213	0.5	6.4
Hang Seng	18,476	1.5	10.0
Shanghai	3,105	0.0	4.8

Source: Bloomberg; As on 7:30 am IST

Forex Rate			
INR/USD	83.4	0.0	-0.3
INR/EUR	89.6	-0.3	2.6
INR/GBP	104.8	-0.3	0.9
INR/YEN (100)	54.8	-0.9	7.3

**Market Commentary**

- **Asian markets** are mostly trading positive mirroring the global markets. Hang Seng and Shanghai both are trading higher by 0.07% and 1.06% respectively, whereas Nikkei is trading lower by 0.10%.
- **Indian Indices** are expected to open in green. GIFT Nifty was trading at 22687 vs. yesterday's Nifty Futures close of 22575.
- **US markets ended** positive after the major averages ended the previous week in the green on a weaker-than-expected job report, which revived the hopes of the Federal Reserve cutting interest rates soon. Dow Jones ended higher by 450 points or 1.18% to close at 38675 and NASDAQ ended higher by 315 points or 1.99% to close at 16156.

**What's Inside**

- **Highlights of Auto Monthly Volume April 2024**
- **Highlights of Axis Research Scorecard Report for April 2024**
- **Pick of the week: Ethos Ltd**
- **Q4FY24 Results Update:** Kotak Mahindra Bank (BUY), CIE Automotive (BUY), Avenue Supermarts (HOLD), Aptus Value Housing Finance (First Cut), Aarti Drugs (First Cut), Britannia Industries (First Cut)
- **Q4FY24 Results Today (Coverage):** Lupin, Happiest Minds, Apcotex Industries
- **Q4FY24 Results Today (Non-Coverage):** Godrej Consumer, Marico, CG Power & Industries, Gujarat Fluorochemical, Grindwell Norton, Gujarat Gas, Indian Bank, Epigral, Route Mobile

**News in Focus**

- **HDFC Bank:** The RBI has approved the reappointment of Atanu Chakraborty as part-time chairman for 3 years effective May 5.
- **Dr Reddy's** has announced the launch of Doxycycline capsules in the US.
- **Vodafone Idea:** The company to focus on expanding 4G in 17 priority circles to improve competitiveness.
- **Life Insurance Corp:** IRDAI has allowed the company to replenish excess expenses from holders' accounts starting Q1FY25 under respective segments.
- **Aurobindo Pharma:** USFDA inspected Unit II of the company's arm's Rajasthan facility from April 25 to May 3 and closed with 7 observations.
- **Adani Energy:** The company arm Adani Electricity Mumbai completed the acquisition of a 100% stake in Pointleap Projects.
- **Goa Carbon** has temporarily shut down operations at the Odisha plant for maintenance purposes.
- **DCM Shriram** has commissioned its Caustic Soda Expansion Project in Gujarat. With this commissioning, the Bharuch complex will be the single-largest caustic soda complex in the country, thereby driving economies of scale.



Duration: 6-9 Months

CMP (Rs)	Target (Rs)	Potential Upside (%)
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2343	2577	10%
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**MARKET DATA**

No. of Shares	2.3 Cr
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Market Cap (Rs Cr)	Rs. 5734
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52-week High / Low	3040/1200
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BSE Code	543532
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NSE Code	ETHOSLTD
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**Why Ethos Ltd?**

- ✓ **Encouraging Growth Opportunities**
- ✓ **Company-specific Triggers**

**About the Company**

Established in 2003, Ethos Ltd is a prominent player in India's luxury and premium watch retail industry. With a 20% market share in the luxury segment and 13% in the premium segment, it stands as one of the largest retailers in the country. As a subsidiary of KDDL, Ethos operates across 23 cities in India, boasting over 60 stores. The company has embraced an omnichannel approach, reaching customers through its websites ([www.ethoswatches.com](http://www.ethoswatches.com) & [www.secondmovement.com](http://www.secondmovement.com)) and various social media platforms. Offering a diverse range of products, Ethos caters to over 60 premium and luxury watch brands, including 46 exclusive brands available solely at Ethos outlets.

**Investment Rationale**

- A. Structural growth trend in the Luxury space:** India is at the cusp of a luxury demand boom. The Luxury market in India is expected to expand 5x in the next decade as the number of affluent consumers in the country continues to multiply with higher aspiration and disposable incomes.
- B. Foraying into the fast-growing Certified Pre-Owned (CPO) segment:** The company is entering into this turf due to the shortage of new luxury watches. We believe this is a step taken in the right direction. CPO is an asset-light model. It has lower Capex and requires a lower working capital cycle of 50-60 days vs. 140-150 days for new watches. As a result, it has a higher ROCE of 20%+ vs. 15-18% for new watches.
- C. Increasing share of high-margin exclusive brands in the portfolio** is expected to drive the overall margins profile, given that these brands command 2x gross margins (~35-40%) compared to non-exclusive brands. As of now, exclusive brands contribute ~ 30% to the sales, a figure that is projected to rise in the coming years.
- D. Though the company is at a nascent stage in this segment, it is staging for future growth and it could be its next growth driver.** Diversifying into fast-growing other luxury segments such as Luggage (Rimowa) and Jewellery (Messika and Bulgari)
- E. Room for margin and ROCE expansion:** We expect the company's EBITDA margin to expand by 100bps to 15.6% by FY26E from 14.5% in FY23. This will be led by 1) Improving product mix – gradual increase in the ASP and exclusive brand portfolio, 2) Store expansion and operating leverage, and 3) Increasing CPO business further improving the company's ROCE from 16% in FY23 to 20% in FY26E.
- F. Recommendation:** We recommend a BUY rating on the stock with a near-term TP of Rs 2577/share, implying an upside of 10% from the CMP.

**Financial Summary**

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	ROCE (%)	EV/EBITDA (X)
FY23	2,484	316	240	6.3	67.1	15	16	48.6
FY24E	2,820	498	384	10.5	40.6	21.9	22.1	30.4
FY25E	3,214	595	460	12.5	33.9	22.9	23.4	25.1
FY26E	3,664	694	538	14.7	29	23.4	24.1	21.1

 Source: Axis Securities; CMP as on 3<sup>rd</sup> May, 2024

# Key Highlights of the Month – Fundamental

RESEARCH SCORECARD

30 April 2024

**Axis Top Picks:** We are proud to share that **our Axis Top Picks basket delivered impressive returns of 49% in FY24, beating the benchmark Nifty 50 index (25.1% return over the same period) by a wide margin.** The basket delivered **an excellent return of 5.8% in Apr'24** against the 1.2% return posted by Nifty 50, thereby beating the benchmark by a wide margin of 4.6%. A few picks that reported excellent returns included **JTL Industries (27.0%), State Bank of India (9.8%), Federal Bank (8.3%), Bharti Airtel (7.6%), and Varun Beverages (5.8%).** You can refer to our latest report [here](#).

**Pick of the Week (PoW):** POW calls delivered **an astounding monthly strike rate of 85% in Apr'24.** Calls that successfully achieved their target were **Archean Chemical Industries (12%), Navin Fluorine International (11%), Manappuram Finance (10%), and H G Infra (10%).**

**Axis Alpha:** Axis Alpha reported **an excellent monthly strike rate of 100% in Apr'24.** Calls that successfully achieved their target were **Lemon Tree Hotels (6.8%), H. G. Infra Engineering (5.6%), Macrotech Developers (5.2%), and KNR Constructions (4.6%).**

**Initiating Coverage:** During the month, we **released an Initiating Coverage report on [Man Infraconstruction Limited](#).** Our IC coverage now **stands over 134 companies** and continues to grow.

**Q4FY24 Consolidated Earnings Preview:** We also **released the Q4FY24 Consolidated Earnings Preview** during the month. Please refer to the detailed report [here](#). You may also refer to our **sector-specific Earnings Previews** here: [Auto & Auto Ancillaries](#); [Metals & Mining](#); [Pharma](#); [IT & Telecom](#); [FMCG & Retail](#); [Chemicals](#); [Infra Road & Others](#); [BFSI](#), and [Cement](#).

**Key Upgrades During Q4FY24:** SBI Cards & Payment Services Ltd; DCB Bank Ltd; Indian Hotels Company Ltd

**Key Downgrades During Q4FY24:** Maruti Suzuki India Ltd; Nippon Life India Asset Management Ltd

**Post Budget Analysis and Stock Ideas:** In Feb'24, we released **Post Budget Analysis and Stock Ideas for 2024-25.** The report contains **carefully handpicked companies that are well-placed to benefit from this year's Interim Budget.** We strongly recommend to explore the report [here](#).

**New Year Picks 2024:** In Dec'23, we released the report – **NEW YEAR PICKS 2024: New Year, New Horizons**, which contains **deeply-researched 9 stocks that are best-placed to deliver excellent performance in 2024.** We are glad to announce that during the month, **two of all New Year Picks achieved their target successfully.** These were **State Bank of India (25%) and Manappuram Finance (19%).**

# Key Highlights of the Month – Technical

RESEARCH SCORECARD

30 April 2024

Weekly Technical Picks, too, reported **an excellent strike rate of 89% for the month**. A few successful calls included **AEGISCHEM (18%)**, **ESCORTS (15%)**, **NAM-INDIA (13%)**, **BASF (11%)**, **CDSL (11%)**, and **IPCALAB (10%)**.

Our **Technical Monthly Calls** posted **an impressive average monthly strike rate of 79% in Apr'24**. One of the calls **VEDL** gave an excellent return of 25%.

Our **Positional Calls** delivered a **satisfactory monthly strike rate of 61% in Apr'24**. A few of the successful calls were **GRSE (13%)**, **METROPOLIS (10%)**, **IRCON (8%)**, **IRB (9%)**, **CHOLAFIN (7%)**, **MAZDOCK (8%)**, and **CSBBANK (7%)**.

Our **Derivative Strategies** reported **an astounding monthly strike rate of 93%**. Our **BTST/STBT Calls**, too, delivered **an excellent monthly strike rate of 71%**.

Our **E-Margin calls** posted **an excellent monthly strike rate of 70%**. Calls that went right for us were **INDRAMEDCO (12%)**, **BSE (10%)**, **MAHLOG (9%)**, **UTIMAC (6%)**, and **HAVELLS (6%)**.

Our **Commodity Calls**, too, delivered **a robust average monthly strike rate of 68% in Apr'24**.

**Strong Performance in 2Ws, Recovery in CVs, PV/Tractors Growth Moderates**

**Apr'24 Wholesale Volumes:** The domestic PV sales (Exhibit-2) grew by low single-digits YoY, largely led by strong SUV volumes across OEMs, which were partly offset by continued weakness in entry-level cars (in Maruti). The 2W industry reported strong domestic volume growth of ~31%/19% YoY/MoM and export volume growth of 24% YoY (flat MoM) respectively. The domestic CV industry sales grew by ~14% YoY (down 26% MoM). The 3W domestic wholesales for Bajaj grew by 3% while TVS/M&M de-grew by 21%/1% YoY respectively.

**PV – YoY Growth in the SUV segment:** In Apr'24, the Passenger Vehicle Original Equipment Manufacturers' (PVOEM's) domestic wholesales (proxy) grew by low single-digits on a YoY basis. Maruti Suzuki India Limited (MSIL) entry-level car segment decreased by approximately ~23% YoY, while the SUV segment grew by ~54% YoY, resulting in total PV sales growth of ~4.7% YoY (with domestic sales up 1.7% YoY). The total domestic sales remained robust across Toyota, and M&M, with 18%/35% YoY growth while Tata Motors and Hyundai reported marginal growth of 1%/2% YoY and Honda/MG Motors witnessed a 18%/1% decline on a YoY basis respectively.

**Recovery in domestic CV YoY:** Our proxy for Commercial Vehicles (CV) – domestic dispatches grew by 14% YoY but saw a 26% MoM decline. Tata Motors, Ashok Leyland, MSIL, and M&M grew by 9%, 14%, 9%, and 9%, while VECV declined by 22% YoY respectively in Apr'24. For CVs, we anticipate low single-digit growth in FY25E by various Original Equipment Manufacturers (OEMs) due to the high base effect, low fleet capacity utilization, and moderate replacement demand in the Medium and Heavy Commercial Vehicle (MHCV) truck segment. The upcoming elections may also impact volume uptick in the near term.

**Strong 2W sales volume YoY/MoM:** 2W domestic dispatches for Hero/Bajaj/TVS/RE/Suzuki/Honda grew by ~33%/19%/29%/9%/31%/42% YoY and 12%/19%/16%/14%/2%/34% MoM. Exports for Baja/TVS/Hero/RE witnessed a ~18%/18%/104%/61% YoY growth, while Suzuki was down 47% YoY; TVSiQube sales stood at ~17.4K units against ~6.2K units in Apr'23 (~15.2K units in Mar'24). Factors favouring the 2W domestic demand momentum are (i) Rural demand, (ii) Marriage season, (iii) Government spending before elections, and (iv) Replacement demand. A revival in exports in FY25 will be critical for Bajaj, TVS, and RE.

**Moderation in the tractor industry:** On a YoY basis, domestic tractor OEM sales in Apr'24 saw a flat to low single-digit decline. On an MoM basis, M&M reported 47% growth while Escorts witnessed ~11% decline. Lower water reservoir levels and erratic monsoon patterns in the previous seasons, especially in Central and Southern regions, have impacted rural sentiments. With anticipation of above-average monsoons in the second half of FY25, we expect demand to stabilize post-elections in FY25.

**On a medium-term outlook, we prefer 2W OEMs over PV, Tractor, and CV space. We continue to prefer TVS and Hero Motocorp in the 2W segment while moderation in volume growth may be witnessed in the PV and the CV space on account of a high base in FY24.**

**2W/3W Segment**

- **TVS Motors'** total 2W sales were ~3.75 Lc units in Apr'24, up ~27%/9%YoY/MoM respectively. 3W sales were down 21%/11% YoY/MoM at ~9k units respectively. TVS iQube sales stood at ~17.4 K units, up 179%/14% YoY/MoM respectively.
- **Bajaj Auto** sold ~3.42 Lc units in Apr'24, up ~19%/9 YoY/MoM.
- **Eicher Motors (RE)** sold a total of ~81.9K units of RE, up 12%/8.4%YoY/MoM respectively. Exports were up 60% YoY (down 28% MoM) to 6,832 units in Apr'24.

**PV &CV Segment**

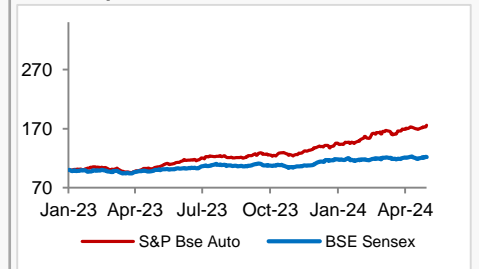
- **Maruti Suzuki** posted total sales of ~1.68 Lc units, up ~5% YoY (down ~10% MoM). The domestic sales were up ~2% YoY (down 9.5% MoM).
- **Mahindra's** Auto division grew 13%/3% YoY/MoM to ~68.6k units. Its PV segment witnessed a growth of ~18% (flat MoM) to 41K units while the 3W segment degrew by 1% YoY (up 4.3% MoM) to ~5.5K units.
- **Tata Motors** reported total sales of ~77.5K units, up~11.4 YoY (down 16.4% MoM). The domestic CV sales were up ~32.6% (down 30% MoM) to ~28.5K units; domestic PV sales increased by ~2% YoY (down ~5% MoM) to ~47.8K units.
- **Ashok Leyland** reported total sales of ~14.3K units, up~10% YoY (down ~38% MoM). The domestic MHCV segment grew by ~16.1% YoY (down 40% MoM) and the domestic LCV segment witnessed a de-growth of ~2.2%/28.9% YoY/MoM respectively.
- **Eicher Motors(VECV)** reported total CV sales of 5.4K, down 18.1%/52.2% YoY/MoM.

**TractorSegment**

- **M&M** reported total tractor sales, up ~2%/42% YoY/MoM to ~37K units.
- **Escorts Kubota Limited** sold ~7.5K tractors, down ~1%/13% YoY/MoM. The ECE segment saw the sale of 446 units (down ~2.4%/32.6%YoY/MoM respectively).

**Total Sales Summary (Apr'24)**

Company	Apr-24	Apr-23	YoY (%)
Ashok Leyland	14,271	12,974	10%
Bajaj Auto (2W+3W)	3,88,256	3,31,278	17%
Eicher Motors (RE)	81,870	73,136	12%
Eicher Motors (VECV)	5,254	6,399	-18%
Escorts (Tractors)	7,515	7,565	-1%
Hero MotoCorp	5,33,585	3,96,107	35%
M&M	1,07,510	98,699	9%
Maruti Suzuki	1,68,089	1,60,529	5%
Tata Motors (PV)	47,983	47,107	2%
Tata Motors (CV)	29,538	22,492	31%
TVS Motors	3,83,615	3,06,224	25%

**Relative performance**


Source: Ace Equity, ASL.

**Shridhar Kallani**  
 Research Analyst  
 Email: shridhar.kallani@axissecurities.in

**Aditya Welekar**  
 Sr. Research Analyst  
 Email: aditya.welekar@axissecurities.in

## **Kotak Mahindra Bank Ltd - Q4FY24 Result Update; BUY; Current TP: Rs 1,755/share**

**Strong Quarter; Regulatory Headwinds to Restrict Near-Term Growth!**

**Est. Vs. Actual for Q4FY24:** NII – **BEAT**; PPOP – **BEAT**; PAT – **BEAT**

**Changes in Estimates post Q4FY24**

**FY25E/FY26E:** NII +5.2%/+6.1%; PPOP -1.7%/-4.8%; PAT -4.6%/-7.2%

### **Recommendation Rationale**

- **Corrective action on supervisory action underway** – RBI's order has directed to cease and desist (i) onboarding new customers through the Bank's online and mobile banking channels and (ii) issuing fresh credit cards. *The management expects the impact on business to be minimal and has repeatedly highlighted that its top priority remains on ensuring returning to business-as-usual at the earliest. Assuming the restrictions stay for a year, KMB expects an impact of ~Rs 300-450 Cr ensuing higher tech spends and the financial impact of restrictions.* While the restrictions will pose challenges to new customer acquisition, the bank will focus on (a) protecting the existing customer base and deepening relationships with them, (b) accelerating the execution of technology strategy to achieve resilience, and appropriate capacity and to meet regulatory data cybersecurity standards. While these restrictions will have a direct bearing on the growth in the retail segment, the management has highlighted that the customer onboarding in the corporate and commercial and private banking segments is not entirely digital and hence these segments are unlikely to be impacted. While credit card growth will face headwinds, the bank will try to recoup the lost opportunity in the personal loan segment as well as through assisted physical journey through branches and to existing customers.

**Sector Outlook: Positive**

**Company Outlook:** KMB is faced with multiple headwinds with multiple exits at the top-level management in the past 6-8 months along with RBI restrictions slowing down customer acquisition momentum through online channels and the growth in the credit cards portfolio. The uncertainties around the timeline of relaxation of restrictions by the regulator along with top-level management stability will weigh on the near-term performance of the stock.

**Current Valuation: 2.1x FY26E ABV; Earlier Valuation: 3.0x Sep'25E ABV**

**Current TP: Rs 1,755/share; Earlier TP: Rs 2,140/share**

**Recommendation:** We maintain our **BUY** recommendation on the stock.

**Alternative BUY Ideas from our Sector Coverage**

**HDFC Bank (TP – Rs 1,885), ICICI Bank (TP – Rs 1,325)**



## **CIE India Automotive Ltd - Q1CY24; BUY; Current TP: Rs 560/share**

**Q1CY24 EBITDA Inline; Indian Growth Story Remains Intact**

**Est. Vs. Actual for Q1CY24:** Revenue – **INLINE**; EBITDA – **INLINE**; PAT – **BEAT**

**Change in Estimates post Q1CY24**

**CY24E/CY25E:** Revenue: -1.6%/-1.9%; EBITDA: -1.6%/-1.9%; PAT: -3.9%/-2.8%

### **Recommendation Rationale**

- **Strong Orderbook to drive outperformance in Indian operations:** Improvement across segments and customers is expected in H2CY24 driven by a strong orderbook, ramp-up of Mahindra's XUV3XO, upcoming launches by Bajaj's CNG 2W and Mahindra' tractor and LCV vehicles. Mahindra, Bajaj and Maruti are anchor investors for the company accounting for 55% of Indian business operations. The company has won orders for Rs 300 Cr annual orders in Q1CY24. We expect the company to report revenue growth of 10% CAGR over CY24-26E in the Indian operations.
- **European Business Outlook:** Post a strong 13% YoY growth in the European PV industry in CY23, the management expects a 2-3% decline in CY24. While the EU market forecast for the medium term is muted, we are optimistic about the CIEAUTO – Metalcastello operations in CY25 (post-US elections) which exhibit higher margins, higher returns, and strong cash flow generation capabilities. We estimate a 4.5% CAGR revenue growth over CY24-26E in the EU business.
- **EV business:** The EV business in Europe is expected to slow down in CY24 due to the elimination of subsidies in certain countries like Germany. Furthermore, the delay in the new Euro 7 norms until mid-CY27 has led the OEMs to slow down their EV programs. The transition to EVs will hence be more gradual than earlier expected.

**Company Outlook & Guidance:** The management indicated that the company will continue to outperform the overall industry in India in the medium term and the European businesses to gradually grow in line with industry growth. It maintained long-term EBITDA margin guidance at ~17-18%. CIEAUTO believes in greater business opportunities in India and Mexico than in the stagnant EU market.

**Current Valuation:** 1-year forward 25xPE (earlier 24x) on Indian and 10x (unchanged) PE on European CY25 EPS.

**Current TP:** Rs 560/share (earlier Rs 565/share)

**Recommendation:** Our BUY recommendation is based on long-term growth outperformance in Indian and Mexican operations, led by increased capacities, headroom for operational efficiencies, and a healthy balance sheet. However, due to the near-term headwinds in the European/US business and Slower-than-expected ramp-up in EV Operations, we lower our earnings estimate marginally for CY24/25E.

## **Arti Drugs - Q4FY24 First Cut Analysis**

Aarti Drugs reported Q4FY24 results above our expectations. Revenue/EBITDA/PAT grew by 2.3%/22.3%/34.4% QoQ, on a sequential basis. Gross margins on QOQ improved by 282bps on sequential basis due to battre product mix and fall in input costs. Further on sequential basis, the EBITDA margins improved by 227 bPS due to operating leverage driven by improved capacity utilisation.

Formula Business delivered a good set of growth 19% YoY, while specialty chemicals delivered subdued numbers due to lower demand in the export segment.

The company has incurred a cap of Rs 226 Crore in FY 24. Recently a Greenfield project at Tarapur facility for dermatology products has been commenced and the ramp is planned through the H1FY25. Greenfield project at Gujarat for Specialty Chemical is on track which Companies plan to commence by Q1FY25. With this, the average operating operating leverage is expected to kick in H2FY25, with improved capacity utilisations.

**We have a bio on Aarti drugs with a target price of ₹600, we revise our rating after the Concall tomorrow.**

## **Aptus Value Housing Finance India Ltd. - First Cut**

### **Current Recommendation - BUY**

NII – INLINE, PPOP – INLINE, PAT – INLINE

- # Disbursement picked up momentum and registered a strong growth of 45/26% YoY/QoQ. AUM growth of 29/4% YoY/QoQ was driven by Home loans (+25/6% YoY/QoQ) and Small Business Loans (+101/14% YoY/QoQ). In the Housing finance book, the share of housing loans remained stable at 69%.
- # NII grew by 18/5% YoY/QoQ. Yields improved by 14bps QoQ, while CoF inched up by 9bps. Spreads expanded by 5bps QoQ. NIMs stood at 13.45% vs 13.4% QoQ.
- # The company did not add any new branches in Q4FY24. In FY24, total branch addition was 31 branches with Aptus foraying in newer geographies of Odisha and Maharashtra. Opex grew by 25/14% YoY/QoQ led by higher employee expenses. Thus, C-I Ratio inched-up to 20.6% vs 20.2/19.2% YoY/QoQ. PPOP grew by 22/4% YoY/QoQ.
- # Credit costs stood at 49bps vs 50bps QoQ. PAT grew by 21/4% YoY/QoQ.
- # Asset quality improved with GNPA/NNPA at 1.1/0.8% vs 1.2/0.9% QoQ. Collection Efficiency also improved to 100.2% vs 99.7% QoQ. 30+dpd book tapered to 5.4% vs 6% QoQ, at a multi-quarter low.

**Concall Scheduled at 4pm on 6th May, 2024**

**Key Monitorables: Management comments on margins and Growth Outlook**



## Britannia Q4FY24 First Cut

BRITANNIA's Q4FY24 consolidated revenue showed a 3.1% YoY increase, surpassing our estimates of 1.9%, primarily driven by volume growth facilitated by price cuts to counter competitive pressures. Additionally, the company continued its distribution expansion efforts, directly reaching 27.9 Lc outlets and adding ~2,000 rural distributors in FY24. Despite the rural slowdown, its focus state continued to exhibit faster growth.

The company's gross margins improved by 107bps YoY to 44.1%, attributed to softer raw material prices. However, its EBITDA stood at 787 Cr, down by 1.7% YoY, with EBITDA margins at 19.4%, in line with expectations but down by 56bps YoY due to higher advertising spends. The company's adjusted PAT stood at Rs 538 Cr, missing estimates, and declining by 3.6% YoY.

**Currently, we have a BUY rating on the stock with a target price of Rs 5,800/share. We plan to reassess our estimates following the conference call scheduled at 10 am on 6th May, 2024.**

(Rs cr)	Q4FY23	Q3FY24	Axis Sec Est.	Q4FY24	YoY growth %	QoQ growth (%)	Axis Sec Var (%)
Net Sales	3,892	4,192	3,964	4,014	3.1	(4.2)	1.3
EBITDA	801	821	793	787	(1.7)	(4.1)	(0.6)
EBITDA margin (%)	19.9	19.3	19.4	19.4	-56 bps	6 bps	-2 bps
Gross Profits	1,676	1,803	1,697	1,772	5.7	(1.7)	4.4
Gross Margin (%)	43.1	43.0	42.8	44.1	107 bps	113 bps	132 bps
Rep PAT	559	556	544	538	(3.6)	(3.3)	(1.1)
EPS	23.2	23.1	22.7	22.3	(3.6)	(3.3)	(1.5)

## **Avenue Supermarts Ltd - Dmart - Q4FY24 - Result Update; BUY; Current TP: Rs 4,400/share**

**Early Signs of Recovery in GM&A; Maintain HOLD**

**Est. Vs. Actual for Q4FY24:** Revenue – **INLINE**; EBITDA Margin – **INLINE**; PAT – **INLINE**

**Changes in Estimates post Q4FY24**

**FY25E/FY26E:** Revenue: -1%/0%; EBITDA: 0%/1%; PAT: 0%/2%

### **Recommendation Rationale**

- Strong store opening (added 24 stores in Q4FY24) aided the company's overall topline growth. On an encouraging note, the high-margin general merchandise and apparel category experienced an uptick which improved gross margins to 14.5% in Q4FY24, up 40bps YoY.
- Though there are initial signs of improvement, we believe D-mart is likely to struggle in improving its overall store matrix in the near term as – a) Demand environment continues to remain weak in the discretionary category and is expected to recover only in H2FY25 and onwards, b) Larger and newer stores have higher gestation periods, thus impacting the overall profitability in the near term, c) Increasing competition from organised players (Reliance, Star Bazaar, Zudio) and online players (Zepto, Blinkit, Instamart) as they penetrate in smaller towns and d) Recent run-up in stock price (up 25% over the last two months) will limit its upside potential in the near term.

**Sector Outlook:** Cautious

**Company Outlook & Guidance:** We recommend a wait-and-watch approach as we look for more sustained improvement in the store matrix and demand recovery triggers. Hence we maintain a HOLD rating on the stock.

**Current Valuation:** 65xMar-26 EPS (65x Dec-25 EPS)

**Current TP:** Rs 4,400/share (Earlier – Rs 4,150/Share)

**Recommendation:** With a 5% downside from the CMP, we **maintain our HOLD rating on the stock.**

## Q4FY24 Earnings preview: Our Coverage

Year end March (INR cr.)	Q4FY24	Q3FY24	QoQ(%)	Q4FY23	YoY (%)	Result expectations
<b>Lupin Ltd</b>						
Revenues	5,220	5,197	0.4%	4,430	17.8%	→ Expect USD\$210 Mn US base sales added by gSpiriva (\$30 Mn), gSupreb and gPrezista and greater stability in pricing. Flat EBITDA margins as slight gain in API prices and logistic costs
Gross Profit	3,480	3,471	0.3%	2,680	29.9%	
Gross margin (%)	66.7	66.8		60.5		
EBITDA	1,030	1,038	-0.8%	578	78.2%	
EBITDA margin (%)	19.7	20.0		13.0		
PAT	580	613	-5.4%	249	132.9%	
EPS (Rs)	12.8	13.5	-5.4%	5.5	132.9%	

Year-end March (Rs Cr)	Q4FY24	Q3FY24	QoQ(%)	Q4FY23	YoY (%)	Result expectations
<b>Apcotex Industries</b>						
Revenues	269	257	4.7%	256	5.1%	→ We expect Topline to grow as Prices strengthening
Gross Profit	32	25	24.6%	34	-6.8%	→ EBITDA is also expected to witness a significant growth on QoQ basis as operational leverage kicks in
Gross margin (%)	12%	10%		13%		→ With a benign improvement in the EBITDA Margin profile sequentially
EBITDA	13	11	16.4%	23	-44.2%	→ The PAT is expected to be in line with the overall performance
PAT	2.5	2.1	16.4%	4.5	-44.2%	→ Key Monitorable: Update on ramp up of new project; demand trends across key end-user industries

Note: Showcasing the Earnings preview (expectations) for the companies under our coverage whose results are expected by today or by tomorrow (If weekend or Holiday)

# Result Calendar - Q4FY24

May-2024

NSE 500 + Axis Universe

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	06-May-24	07-May-24	08-May-24	09-May-24	10-May-24	11-May-24
<b>Large Cap</b>	Godrej Consumer Marico	<b>Dr Reddy's Labs</b> Pidilite Inds. SRF	Canara Bank Larsen & Toubro Tata Power Co. <b>TVS Motor Co.</b>	<b>Asian Paints</b> BPCL IOB Punjab Natl.Bank <b>St Bk of India</b>	ABB <b>Bank of Baroda</b> <b>Cipla</b> <b>Eicher Motors</b> <b>Polycab India</b>	
<b>Mid Cap</b>	CG Power & Indu. Gujarat Fluoroch Grindwell Norton Gujarat Gas Indian Bank <b>Lupin</b>	<b>CreditAcc. Gram.</b> Indraprastha Gas JSW Energy Max Financial PB Fintech. United Breweries Voltas	Bharat Forge <b>Hero Motocorp</b> Piramal Enterp. SKF India	<b>Abbott India</b> Escorts HPCL <b>Relazo Footwear</b> Timken India	Bank of India Kalyan Jewellers Thermax	<b>APL Apollo Tubes</b>
<b>Small Cap</b>	DCM Shriram <b>Happiest Minds</b> Route Mobile <b>Apcotex Industri</b>	Century Textiles Chambal Fert. Delta Corp Graphite India IDFC Jindal Saw Kajaria Ceramics <b>K E C Intl.</b> Latent View <b>Navin Fluo.Intl.</b> Sonata Software	EPIGRAL Capri Global Guj.St.Petronet Home First Finan Kalpataru Power Sterlite Tech. Vijaya Diagnost. <b>Vestlife Develop</b> <b>H.G. Infra Engg.</b>	Alkyl Amines Alembic Pharma Cams Services Intellect Design Mahanagar Gas Orient Electric Qness Corp Rain Industries Vardhman Textile	<b>Aarti Industries</b> Chola Financial Fine Organic Finolex Inds. GE Shipping Co Dr Lal Pathlabs Sapphire Foods Sharda Cropchem <b>JTL Industries</b>	<b>CCL Products</b>

**Bold Companies: Axis Securities Coverage**

**Axis Intellect: Intraweek Stocks for the week 06 May 2024 to 13 May 2024`**

Name of Stock	Sector	Mcap
TATA CONSUMER PRODUCTS	Staples	Large Cap
Siemens Ltd.,	Industrials	Large Cap
Mahindra & Mahindra Ltd.	Auto & Anc	Large Cap
Eicher Motors Ltd.	Auto & Anc	Large Cap
Five-Star Business Finance Ltd.	NBFC	Small Cap
Cyient Limited	IT	Small Cap
Bharat Petroleum Corpn. Ltd.,	Oil & gas	Large Cap
Metropolis Healthcare Limited	Healthcare	Small Cap
Godrej Consumer Products Ltd.	Staples	Large Cap
PETRONET LNG LTD.	Oil & gas	Mid Cap

## Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
Aarti Drugs Ltd	BUY	501	570	13.7
ACC Ltd	BUY	2,534	2,900	14.4
Affle India Ltd	BUY	1,106	1,350	22.1
APL Apollo Tubes Ltd	BUY	1,588	1,850	16.5
Aptus Value Housing Finance India Ltd	BUY	329	425	29.2
Archean Chemical Industries Ltd	BUY	658	885	34.6
AU Small Finance Bank Ltd	BUY	645	715	10.9
Bajaj Finance Ltd	BUY	6,933	8,600	24.0
Bandhan Bank Ltd	BUY	188	240	28.0
Bank of Baroda Ltd	BUY	276	315	14.1
Bharti Airtel Ltd	BUY	1,277	1,520	19.1
Birla Corporation Ltd	BUY	1,559	1,835	17.7
Britannia Industries Ltd	BUY	4,745	5,800	22.2
CCL Products (India) Ltd	BUY	587	720	22.8
Cholamandalam Investment & Finance Company Ltd	BUY	1,309	1,480	13.0
CIE Automotive India Ltd	BUY	491	565	15.2
Coforge Ltd	BUY	4,482	5,585	24.6
CreditAccess Grameen Ltd	BUY	1,468	1,970	34.2
Cyient Ltd	BUY	1,798	2,500	39.1
Dabur India Ltd	BUY	531	610	14.8
Dalmia Bharat Ltd	BUY	1,793	2,050	14.3
Embassy Office Parks REIT	BUY	353	400	13.2
Equitas Small Finance Bank Ltd	BUY	94	111	17.5
Ethos Ltd	BUY	2,343	3,100	32.3
Happiest Minds Technologies Ltd	BUY	808	1,100	36.2
HDFC Bank Ltd	BUY	1,519	1,885	24.1
HealthCare Global Enterprises Ltd	BUY	370	410	11.0
Hero MotoCorp Ltd	BUY	4,547	5,550	22.1
Hindustan Unilever Ltd	BUY	2,216	2,500	12.8
ICICI Bank Ltd	BUY	1,142	1,325	16.0
IDFC First Bank Ltd	BUY	81	104	28.5
Indian Hotels Company Ltd	BUY	571	671	17.5
ITC Ltd	BUY	436	500	14.6
J K Cements Ltd	BUY	3,993	4,400	10.2
J.Kumar Infraprojects Ltd	BUY	677	800	18.2
JK Lakshmi Cement Ltd	BUY	797	1,000	25.5
JTL Industries Ltd	BUY	239	275	15.3
Jyothy Labs Ltd	BUY	423	565	33.5
KNR Constructions	BUY	263	310	17.8
Kotak Mahindra Bank Ltd	BUY	1,547	2,140	38.3
KPIT Technologies Ltd	BUY	1,536	1,750	13.9
Krishna Institute of Medical Sciences Ltd	BUY	1,988	2,300	15.7
Man Infraconstruction Ltd.	BUY	212	270	27.2
Manappuram Finance Ltd	BUY	197	230	16.7
MAS Financial Services Ltd	BUY	300	380	26.6
Mold-Tek Packaging Ltd	BUY	839	1,030	22.8
Nestle India Ltd	BUY	2,456	2,880	17.3
P I Industries Ltd	BUY	3,596	4,200	16.8
Persistent Systems Ltd	BUY	3,367	4,350	29.2
PNC Infratech Ltd	BUY	440	510	15.9
Praj Industries Ltd	BUY	540	635	17.6



## Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
PSP Projects Ltd	BUY	676	815	20.6
Relaxo Footwears Ltd	BUY	826	950	15.0
Sansera Engineering Ltd	BUY	1,007	1,220	21.1
SBI Cards & Payment Services Ltd	BUY	722	850	17.8
SBI Life Insurance Company Ltd	BUY	1,443	1,630	13.0
Shree Cement Ltd	BUY	25,746	31,470	22.2
SIS Ltd	BUY	454	540	19.0
State Bank of India	BUY	832	920	10.6
Steel Strips Wheels Ltd	BUY	227	325	43.3
TVS Motor Company Ltd	BUY	2,053	2,350	14.5
Ujjivan Small Finance Bank Ltd	BUY	55	64	17.3
UltraTech Cement Ltd	BUY	9,817	11,000	12.1
V Mart Retail Ltd	BUY	2,187	2,450	12.0
Welspun Living Ltd	BUY	149	210	41.0
Westlife Foodworld Ltd	BUY	840	930	10.8

Index	CMP	% Chng	S2	S1	P	R1	R2
<b>Nifty</b>	<b>22,475.85</b>	<b>-0.76%</b>	<b>22095</b>	<b>22285</b>	<b>22540</b>	<b>22730</b>	<b>22985</b>
<b>Sensex</b>	<b>73,878.15</b>	<b>-0.98%</b>	<b>72520</b>	<b>73200</b>	<b>74145</b>	<b>74825</b>	<b>75775</b>
<b>Bank Nifty</b>	<b>48,923.55</b>	<b>-0.62%</b>	<b>48115</b>	<b>48520</b>	<b>49065</b>	<b>49470</b>	<b>50010</b>



The index opened with an upward gap and traded with a positive bias in the initial half. However, profit booking at higher levels led the index to close on a flat note. Nifty closed at 22476 on 3<sup>rd</sup> May with a gain of 56 points on a weekly basis.

On the weekly chart, the index has formed a "Gravestone Doji" candlestick formation, indicating indecisiveness among market participants regarding the direction. The index is moving in a higher top and higher bottom formation on the daily chart, indicating a positive bias in the medium term. The chart pattern suggests that if Nifty crosses and sustains above the 22650 level, it would witness buying, leading the index towards 22800-23000 levels. However, if the index breaks below the 22400 level, it would witness selling, taking the index towards 22300-22100. On the daily chart, Nifty sustaining above its 20, 50, 100, and 200-day SMAs indicates a positive bias in the medium term. Nifty continues to remain in an uptrend in the medium term. Hence, 'Buying on Dips' continues to be our preferred strategy. For the week, we expect Nifty to trade in the range of 23000-22100 with mixed bias.

The weekly strength indicator RSI and momentum oscillator Stochastic have both turned flat, indicating an absence of strength on either side.

The trend-deciding level for the day is 22540. If NIFTY trades above this level, we may witness a further rally up to 22730-22985-23180 levels. However, if NIFTY trades below 22540 levels, we may see some profit booking initiating in the market, which may correct NIFTY up to 22285-22095-21840 levels.

## Trading Insights

### Insight from trading volumes

Script	CMP	Total Volume (x1000)	Monthly Avg Volume(x1000)	% Change
COALINDIA	475	53,042	10,726	394.5%
BAJFINANCE	6,932	7,027	1,676	319.2%
SHREECEM	25,747	223	55	309.1%
BAJAJFINSV	1,627	5,508	1,743	216.0%
LT	3,500	4,225	2,298	83.8%
TITAN	3,534	1,805	1,120	61.1%
ITC	436	23,748	14,919	59.2%

### Insight from delivery

Script	CMP	Total Delivery Volume(x1000)	Monthly Avg Delivery Volume(x1000)	%Change
KOTAKBANK	1,547	27,355	9,341	192.8%
HINDALCO	647	11,128	5,187	114.5%
ASIANPAINT	2,930	1,163	667	74.4%
BPCL	630	4,956	2,864	73.1%
IOC	171	20,154	12,116	66.3%
SHREECEM	25,747	49	30	64.4%
POWERGRID	311	18,246	11,309	61.3%

\*CMP-Closing Market Price

**Daily Support/ Resistance of Nifty Companies**

Company	CMP	Pivot Point	R1	R2	S1	S2
NIFTY 50	22,476	22,540	22,731	22,986	22,284	22,093
ADANIPTS	1,320	1,328	1,346	1,372	1,302	1,284
ASIANPAINT	2,930	2,946	2,982	3,034	2,893	2,857
AXISBANK	1,142	1,146	1,159	1,176	1,129	1,117
BAJAJ-AUTO	9,106	9,143	9,221	9,337	9,027	8,949
BAJAJFINSV	1,627	1,657	1,696	1,764	1,589	1,550
BAJFINANCE	6,932	7,079	7,252	7,573	6,759	6,586
BHARTIARTL	1,277	1,282	1,306	1,334	1,254	1,230
BPCL	630	632	639	649	623	615
BRITANNIA	4,745	4,745	4,781	4,818	4,708	4,671
CIPLA	1,425	1,425	1,434	1,444	1,415	1,406
COALINDIA	475	467	484	494	457	440
DIVISLAB	3,951	3,947	3,995	4,038	3,904	3,856
DRREDDY	6,350	6,343	6,427	6,505	6,265	6,181
EICHERMOT	4,599	4,612	4,643	4,687	4,568	4,536
GAIL	204	204	208	212	200	196
GRASIM	2,481	2,469	2,500	2,518	2,451	2,421
HCLTECH	1,348	1,351	1,368	1,387	1,331	1,314
HDFCBANK	1,520	1,522	1,538	1,556	1,504	1,489
HDFCLIFE	566	571	577	588	560	554
HEROMOTOCO	4,553	4,550	4,583	4,613	4,520	4,487
HINDALCO	647	647	656	665	638	630
HINDUNILVR	2,217	2,219	2,234	2,251	2,202	2,187
ICICIBANK	1,142	1,145	1,155	1,167	1,132	1,123
INDUSINDBK	1,484	1,492	1,510	1,537	1,465	1,447
INFY	1,416	1,415	1,426	1,436	1,405	1,393
IOC	171	172	174	177	168	166
ITC	436	436	441	445	432	427
JSWSTEEL	874	881	897	919	859	844
KOTAKBANK	1,547	1,559	1,575	1,604	1,531	1,515
LT	3,500	3,537	3,585	3,671	3,451	3,402
LTIM	4,652	4,672	4,704	4,755	4,620	4,589
M&M	2,193	2,192	2,211	2,229	2,174	2,154
MARUTI	12,492	12,578	12,744	12,996	12,326	12,159
NESTLEIND	2,456	2,472	2,507	2,559	2,420	2,384
NTPC	365	369	377	389	357	349
ONGC	286	288	291	297	282	279
POWERGRID	311	312	315	320	307	304
RELIANCE	2,868	2,883	2,935	3,001	2,817	2,766
SBILIFE	1,443	1,451	1,465	1,486	1,430	1,417
SBIN	831	829	838	845	822	813
SHREECEM	25,747	25,502	26,153	26,560	25,096	24,444
SUNPHARMA	1,511	1,517	1,532	1,552	1,496	1,481
TATAMOTORS	1,013	1,017	1,037	1,061	993	972
TATASTEEL	167	167	170	173	164	162
TCS	3,843	3,845	3,892	3,941	3,796	3,749
TECHM	1,250	1,255	1,268	1,285	1,238	1,226
TITAN	3,534	3,542	3,591	3,649	3,484	3,435
ULTRACEMCO	9,816	9,874	9,972	10,128	9,719	9,621
UPL	494	496	502	510	488	482
WIPRO	457	458	462	466	453	449

Source: Axis Direct.

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