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By Asit C. Mehta
A Pantomath Group Company

MARKET pulse

Dear Investors,

MARKET PULSE, the monthly report from ACMIIL, aims to provide insightful perspectives on all aspects of the market, the Fundamental, Technical, and Derivatives. The report contents

Overall Outlook
- Domestic & Global Update

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MARKET PULSE provides a range of information that helps in making wise investment decisions.

Regards,
Research Team
ACMIIL

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Overall Outlook

Indian Outlook:

The Indian equity market remained volatile during April month due to Geopolitical tensions & also beginning of Q4FY2024 earning season. Finally, The Indian equity market ended the month of April on a positive note. It's slow & steady trending towards upside. Nifty & Sensex gain around 1.24% & 1.15 % for the month of April, respectively. Nifty made a life time high of 22794.70 so far in this rally. Pre-elections jitters, global economic slowdown worry, Geo-political tension & earnings season will make market in volatile mode in short term. NSE Midcap 100 & NSE Small cap 250 ended monthly in positive territory with a gain of around 5.8% and 10.5%, respectively. Broader market continue to outperform in the month of April, indicating overall strength of the market. Its good sign for medium to long term Investment perspectives. FPI net sold equity worth Rs.35692.19 crore and DII net bought worth Rs.44186.28 crore for the month of April.

The HSBC India Composite PMI increased to 62.2 in April from 61.8 in March, It was the 33rd straight month of expansion in private sector activity and the fastest pace since June 2010, buoyed by robust growth in the manufacturing and services sector with gain in output and new orders. The Consumer Price Index (CPI) decreased to 4.85% in March, the lowest since May 2023, primarily due to reductions in food and energy inflation. Meanwhile, the Wholesale Price Index (WPI) escalated slightly to 0.53%, marking a three-month high driven by increases in the prices of vegetables and crude oil. The overall trade deficit improved, narrowing to $15.6 billion in March from $18.1 billion, aided by a significant 4.5% drop in imports. Additionally, the Index of Industrial Production (IIP) in February showed a notable increase, rising by 5.7% due to growth in mining, power generation, and consumer durables. Fiscal health remained strong as evidenced by a record GST collection of ₹2.1 lakh crore in April, up 12.4% from the previous year. However, core sector growth showed signs of slowing, decreasing to 5.2% in March from 7.1% the previous month, indicating some vulnerabilities in sectors like steel, fertilizers, and refinery products. The strong economic performance highlights the resilience of the Indian economy amidst global and domestic challenges.

The Asian Development Bank (ADB) and the International Monetary Fund (IMF) have both issued optimistic economic forecasts for India. The ADB projects a GDP growth rate of 7% for FY25, attributing this to strong investment and consumer demand, while the IMF anticipates a 6.8% growth in FY25, highlighting robust domestic demand. These forecasts underscore the potential for continued economic expansion in India, supported by significant investment and sound fiscal policies. In its latest monetary policy meeting, the Reserve Bank of India (RBI) opted to maintain the repo rate at 6.5% for the seventh consecutive session, with a continued stance of "Withdrawal of Accommodation". The RBI also upheld its inflation and GDP growth forecasts at 4.5% and 7% respectively for FY25. This steady approach is intended to balance growth with inflation control amidst varying economic signals. The India Meteorological Department predicts an "above normal" monsoon for June to September this year, moving from El Niño to La Niña conditions. This expected increase in rainfall is crucial for agriculture, likely boosting crop yields, reducing food prices, and supporting overall economic growth, although some regions may see less than optimal rainfall levels. Mutual funds continued to attract retail cash for the 37th consecutive month of net inflows. Monthly gross SIP for the march rose to Rs 19,271 crore from Rs 19,186 crore in February.

The Indian government has imposed a ban on sugar exports for the remainder of the 2023-24 season to stabilize domestic supplies, despite industry requests for exporting 10 lakh tonnes. This decision aims to manage local market stability and prices, even as sugar production is expected to hit 31.5 to 32 million tonnes. Additionally, surplus B-heavy molasses may be redirected for ethanol production, reflecting a shift towards alternative uses of agricultural byproducts. Concerns are rising about the safety and health claims of baby foods, protein powders, and spices in the FMCG sector. Issues such as sugar content and chemicals could prompt regulatory scrutiny, potentially damaging consumer trust and impacting the reputations and stock values of involved companies.

Auto sales have shown a year-on-year increase of approximately 2%, with sales in April reaching 338,341 vehicles, up from 332,468. This growth, driven by strong demand and improved availability post-semiconductor shortages, highlights a recovery in the auto industry. Mumbai's real estate market has shown robust activity, with stamp duty collections in April reaching a record Rs 1,047 crore from over 11,475 transactions, marking a 16% year-on-year increase. This surge reflects strong market demand and confidence, contributing significantly to state revenue despite the challenges posed by rising mortgage

Index	Spot	1M % Chg	% YTD
Sensex	74482.8	1.2%	3.1%
Nifty	22604.9	1.2%	4.0%
Nifty Bank	49396.8	4.8%	2.4%
India VIX	12.9	0.3%	-12.3%
MIDCAP 100	50868.2	5.8%	9.5%
Nifty 500	20997.2	3.7%	7.8%
SMLCAP 250	15833.4	10.5%	12.1%

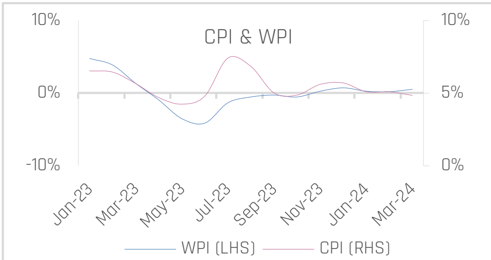
Source: in.investing.com, ACMIIL Retail Research

NSE Sector	Spot	1M % Chg	% YTD
IT	33201.0	-4.9%	-7.0%
Realty	973.3	8.1%	23.7%
Infra	8575.3	2.9%	17.4%
Energy	40366.7	3.4%	20.3%
FMCG	54240.6	0.5%	-5.3%
MNC	27071.4	4.6%	11.5%
Pharma	18970.6	-0.1%	12.5%
PSE	9993.4	9.6%	26.0%
PSU Bank	7605.6	8.5%	32.1%
Auto	22479.9	5.0%	20.9%
Metal	9175.8	11.1%	14.7%
Media	1892.8	5.4%	-22.1%
IT	33201.0	-4.9%	-7.0%

Source: in.investing.com, ACMIIL Retail Research

Indian Economic Data	Latest	Previous
HSBC MFG PMI	58.8	59.1
HSBC Service PMI	60.8	61.2
Trade Deficit (USD $ billion)	15.6	18.7
GST Collection (INR- Lakh-Cr)	2.1	1.68
CPI (%)	4.85	5.09

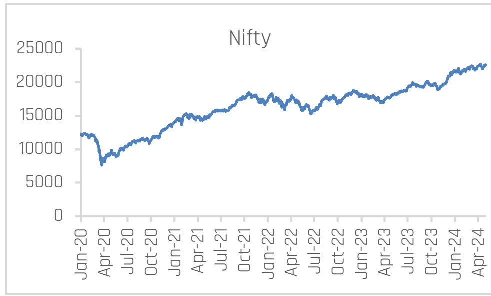
Source: Trading Economics, ACMIIL Retail Research



Source: Trading Economics, ACMIIL Retail Research

Commodity	Spot	1M % Chg	% YTD
Gold ($/OZ)	2302.9	1.6%	11.1%
Silver($/OZ)	26.7	5.4%	11.3%
Brent ($/Bbl)	87.9	0.5%	15.8%
WTI ($/Bbl)	81.9	-1.4%	16.4%
Copper($/Lbs)	4.6	12.5%	17.6%

Source: : in.investing.com, ACMIIL Retail Research



Source: in.investing.com, ACMIIL Retail Research rates. Indian banks are currently seeing loan growth at rates of 17% to18% for private sector banks and 12% to 14% for public sector banks, which exceeds deposit growth by 2 to 3 percentage points. Due to this discrepancy, banks might need to adjust their lending rates. S&P Global Ratings predicts that loan growth will decrease from 16% in FY24 to around 14% in FY25 to align better with the slower deposit growth rates, ensuring sustained financial health and profitability within the sector.

Russia increased its share in Indian crude oil imports to nearly 40% in April from 30% in March because it is available at significant discounts compared to other sources, allowing Indian refiners to reduce their average crude purchase costs amidst higher global oil prices.

We continue to be bullish on some of the key sectors like Auto & Auto Ancillary, Cements, Defence, Railways, Consumer Durables, Energy, Logistics, FMCG, Capital Goods & Engineering, Infrastructure, Construction, Banking, and Financials, etc. which are going to be outperformers in the rally ahead. Some of the laggard sectors also have some value buying opportunities to accumulate at lower levels including Information Technology, Specialty Chemicals and Metals, etc.

The structure Bull Market for Indian Equity remains intact supported with strong domestic fundamentals. As mentioned earlier, sustain above 22000 levels on Nifty will lead to extension of market towards 24000-24500 levels on nifty for medium to long term perspective.

Index	Spot	1M % Chg	% YTD
Dow Jones	37815.9	-5.0%	0.3%
S&P 500	5035.7	-4.2%	6.2%
Nasdaq	15657.8	-4.4%	6.0%
CAC 40	7984.9	-2.7%	6.0%
DAX	17932.2	-3.0%	6.9%
FTSE 100	8144.1	2.4%	5.5%
Nikkei 225	38405.7	-4.9%	15.4%
Hang Seng	17763.0	7.4%	5.8%
Shanghai	3104.8	2.1%	4.8%

Source: Yahoo Finance, ACMIIL Retail Research

US Economic Data	Latest	Previous
S&P MFG PMI	50	51.9
S&P Servie PMI	51.3	51.7
CPI (%)	3.5	3.2
Produce Price Index (%)	0.2	0.6
Non- Farm Payroll data	175000	315000

Source: Trading Economics, ACMIIL Retail Research

Bonds	Latest	Previous
India 10Y	7.195	7.052
India 2Y	7.138	7.026
U.S. 10Y	4.682	4.21
U.S. 2Y	5.037	4.628

Source: in.investing.com, ACMIIL Retail Research

Global Outlook:

US market ended the month of April on a negative note. Global Indices particularly Dow Jones, S&P 500 & Nasdaq composite ended a negative monthly closing of around -5%, -4.2%, and -4.4% respectively. It witnessed profit booking & volatility due to Geo-political tensions & sharp rise in US 10 year Treasury yields which is currently trading around 4.52%. However, Medium term trend for the US market still looks positive. ISM manufacturing PMI for the month of April came around 49.2 from 50.3 in March. ISM Service PMI for the month of April came around 49.4 from 51.4 in March. Economic activity in the manufacturing sector & Service sector both contracted in April due to contraction in new order. CPI for the month of March 2024 saw inflation rise to 3.5%—its highest since September—largely driven by increased costs for shelter and gasoline. Meanwhile, the Producer Price Index (PPI) moderated to a 0.2% increase in March, a slowdown from February's 0.6% rise, with a notable increase in services but a decline in goods prices. Retail sales continued to exhibit strength, increasing by 0.7% in March, bolstered by gains across nonstore retailers, gasoline stations, and miscellaneous store retailers, suggesting robust consumer spending. US job growth slow in April. The U.S economy added only 175000 jobs in April, the least in six months, below market expectations of 243000 and sizable deceleration from the 315000 jobs added in march. Meanwhile, the jobless rate inched higher to 3.9%in April.

Economic data highlighted both strengths and challenges. Personal spending rose by 0.8% in March, with a significant 1.3% uptick in goods spending like gasoline, and personal income grew by 0.5%, supported by dividends and steady wage growth. However, the US economy faced headwinds as the S&P Global US Composite PMI dropped to 51.3 and the Manufacturing PMI fell to 50 in April, signaling contraction due to reduced new orders and employment. First estimate of US GDP growth for Q1 CY2024 slow to 1.6% increase compared to the anticipated 2.5%, impacted by lower consumer spending and negative inventory adjustments. Persistent inflationary pressures were evident, with the core PCE price index escalating to 3.7% in Q1CY2024 from 2% the previous quarter.

During the latest Federal Reserve monetary policy meeting, the funds rate was maintained at 5.25%-5.50%. Fed Chair Powell adopted a less hawkish stance than anticipated, indicating no rate hikes for the upcoming June meeting and acknowledging ongoing high inflation, suggesting that rates will not be reduced until there is greater confidence that inflation is sustainably moving towards the 2% target. This cautious approach reflects the central bank's strategy to navigate through economic uncertainty while carefully monitoring evolving economic data.

Brent crude oil prices have recently seen notable fluctuations due to a combination of geopolitical tensions and economic factors. Initially, prices rose to approximately $90.5 per barrel amid escalating Middle East tensions and concerns over supply disruptions due to conflicts involving Israel, Hamas, and Iran. However we have seen profit booking due to ease in Geo-political tension with renewed talk of cease fire initiated by Egypt between Israel & Hamas & also unexpected increase in U.S crude inventories. Brent crude Oil currently trading near $84 per barrel. These price movements reflect the ongoing volatility in the oil market, heavily influenced by geopolitical risks and changes in supply-demand dynamics. However, recent extension of supply cut by Opec plus members till June continue give support to crude oil prices at lower levels.

Conclusively, the structural long-term equity bull market for India is intact driven by strong domestic driving forces as mentioned above. The Geopolitical tensions, Higher Interest & Food Inflation are potential Risk for global economic growth. As mentioned above, We may see volatility in the market due to Pre-election jitters & earning season in short term. We continue to reiterate the same view, one should BUY stock specific at current levels or any kind of decline or consolidation for medium to long term Investment perspectives.

Caplin Point Laboratories Limited

Accumulate

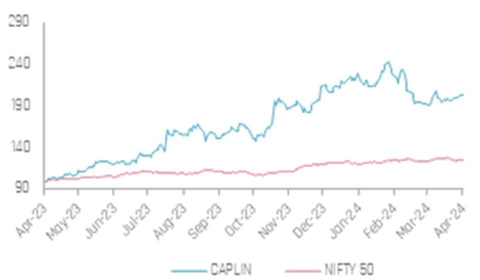
Key Data	
DATE	25.04.2024
Reco Price	1320-1,330
Target	1,675
Sector	Pharmaceuticals
BSE Code	524742
NSE Code	CAPLIPOINT
Face Value (Rs.)	2.00
Market Cap (Mn)	100623
52-week High/Low (Rs)	1619.05/646.80

Source : NSE, BSE

Shareholding pattern (March-2024)	%
Promoters	70.62
DIIs	1.08
FIIs	3.33
Public	24.95
Total	**100.00**

Source : NSE, BSE

Price Performance



Rebase to 100

Company Background

Caplin Point Laboratories Limited (CAPLIPOINT) is an India-based pharmaceutical company. The company is engaged in the production, development, and marketing of a range of generic formulations and branded products, exporting them to overseas markets. Its products include tablets, dry syrups (bottles), soft gels, capsules, suppositories, liquid syrups (bottles), liquid injectables in ampoules and vials, lyophilized vials, prefilled syringes (PFS), emulsion injections in ampoules and vials, ophthalmic droppers, pre-mix bags, topicals, and sachets (liquids and powders). It also manufactures a range of ointments, creams, gels, and lotions. Its manufacturing facilites are located in Puducherry & Tamil Nadu in India. It has a presence in LATAM (Latin America), Southern Africa, and Francophone Africa, along with a presence in the United States of America and the European region. The company's subsidiaries include Caplin Point Far East Limited and Caplin Steriles Limited.

Outlook and Valuation

CAPLIPOINT has transformed itself into a player in generic formulations with a differentiated geographical presence. The company focuses on the emerging markets of LATAM and has taken an early-mover advantage in these largely untapped markets. The expected increase in a well-established distribution network, a new product pipeline, and expansion into new geographies are poised to drive future growth. We believe that Caplin Point Laboratories Limited is well-positioned to capitalize on these opportunities.

Looking ahead, we expect the company's revenue to grow at a CAGR of 22.3% from FY23 to FY26E. Therefore, we recommend Caplin Point Laboratories Limited with a target price of Rs 1,675, based on FY26E EPS of Rs 83.7 and a forward PE valuation multiple of 20. It appears to be a value buy with growth potential at current levels. **As a result, we recommend an ACCUMULATE rating for the long term.**

Financial Snapshot (Consolidated)

Particulars (Rs. in Mn.)	FY23	FY24E	FY25E	FY26E	CAGR % (FY23 - FY26E)
Revenue	14,667.3	17,600.8	21,472.9	26,841.2	22.3%
EBITDA	4,417.6	5,332.3	6,548.3	8,274.0	23.3%
EBITDA %	30.1%	30.3%	30.5%	30.8%	
Adjusted PAT	3,750.0	4,208.4	5,070.8	6,355.9	17.1%
Adjusted EPS (Rs.)	49.0	55.4	66.8	83.7	
ROE (%)	19.9%	20.6%	22.3%	22.8%	
ROCE (%)	23.9%	25.8%	27.9%	28.5%	

Source: Company, ACMIIL Retail Research

Company at glance

- A unique end-to-end business model encompassing manufacturing, exports, imports, and last-mile distribution.
- A technology and research-led marketing company.
- A mix of generics, branded generics, specialty molecules, and injectables.
- The launch of specialty niche products aimed at creating new markets across therapy segments.
- Selective use of credit to increase market share and maintain a cash surplus. Expansion into regulated markets (USA) with plans to enter Mexico, Canada, and Australia.

Company & Business overview

Caplin Point is a fast-growing, fully integrated pharmaceutical company with a dominant presence in Latin America, Francophone Africa, and a growing presence in regulated markets such as the USA and the EU. The company was established in 1990 to manufacture a range of ointments, creams, and other external applications. It was listed in 1994 following its Initial Public Offering (IPO), and the proceeds were deployed to set up a manufacturing facility in Pondicherry. Subsequently, the company expanded its product range and increased its production capacity.

Caplin has two segments – Generics and Branded Generics, which constitute around 75% and 25% of the company's overall turnover. The company has focused on emerging markets in Latin America, the Caribbean, Francophone and Southern Africa, and is now one of the leading suppliers of pharmaceuticals in these regions, holding over 4000 product licenses globally. As of the current date, the company has filed 20 ANDAs, with 18 approvals, of which 12 belong to Caplin Steriles (wholly owned subsidiary). It has got investments from investment funds like Eight Road Ventures and F-Prime Capital Partners Life Sciences Fund (Fidelity Group) through Compulsorily Convertible Preference Shares. The Company's manufacturing facility is also approved by EU-GMP, ANVISA-Brazil, INVIMA-Colombia, COFEPRIS-Mexico, etc. Caplin Point maintains a deep focus on innovative technologies and products, with a significant portion of its annual earnings invested in research and development for the creation of safe and effective products across various dosage forms.

Product Portfolio

The company has an extensive portfolio of pharmaceutical products, including 4,000+ registered products, 650+ formulations, and a presence in 36 therapeutic segments. It does not heavily rely on a single product or therapeutic segment for its revenues. The company follows an asset-light model and outsources approximately 45% of its products from various partners in India and China. The remaining 55% of products are produced by the company in its manufacturing plants, primarily located in India.

Caplin's product range includes liquid and lyophilized vials, prefilled syringes, ophthalmic dosages, premixed bags, tablets, dry syrups, liquid syrups, softgels, liquid injectables (ampoules and vials), emulsion injections (ampoules and vials), capsules, suppositories, topicals, and sachets. The company has a strong manufacturing presence, primarily in India. It has also engaged manufacturing outsourcing partners in China, in addition to those in India. These outsourcing partners are selected following stringent vendor qualification and audits by Caplin. The company develops and transfers product technology to approved manufacturing sites that possess all the required approvals and certifications, including those from the US FDA, WHO-GMP, ANVISA, and more.

Product Category List

- Tablets
- Injections (liquid & lyophilized, pre-filled syringes)
- Liquid Orals
- Ointments, Creams & Gels
- Suppositories & Ovules
- Inhalers & Sprays
- Capsules
- Ophthalmic
- Softgel Capsules
- Powder for injections
- Pre-Mix Bags
- Pre-filled Syringes

Source: Company, ACMIIL Retail Research

Investment Rationale

The company aims to double sales from the LatAm (Latin America) region in the coming years:
LATAM is a key geography for Caplin and contributes 83% of the total sales. It had a strong first-mover advantage in these countries when it entered these markets in the early '90s. It has established its presence in LatAm markets of Guatemala, El Salvador, Nicaragua, Dominical Republic, Ecuador and Honduras with its own distribution network. Additionally, the company is now looking to leverage its expertise and experience to tap into other new markets in LATAM including Brazil, Mexico, Peru, and Colombia, Chile etc. The growth will be led by a strong product portfolio, new launches, and an expansion of the reach of B2B portal services. The management aims to double the topline from the LATAM region in the coming years.

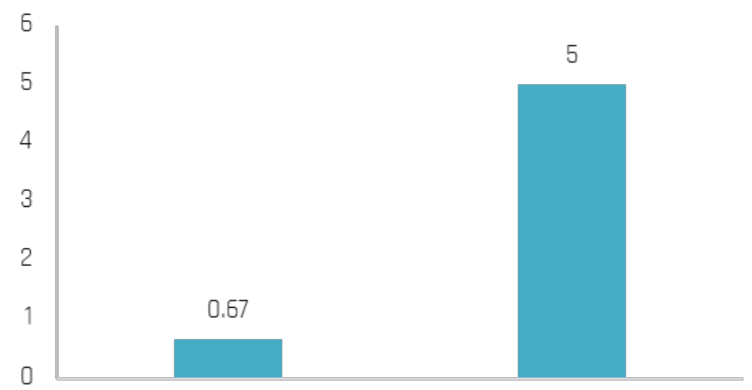
Consistently growing 'Emerging Markets Business' (the Core Business) with further scope for margin improvement
The company's core business, which focuses on Latin America and Francophone Africa, is expected to grow at an above industry-average pace, with margins expected to improve due to increased branded generics business and efficient supply chain management.

Amaris Clinical CRO is expected to generate additional revenue in the future
Amaris Clinical CRO, a wing of CAPLIPOINT, will cover BE/BA studies (Bioavailability/Bioequivalence) for captive consumption before scaling up as a commercial CRO. Their target markets in the future are China, the US, the EU, and LATAM. It has successfully completed back-to-back virtual and physical US FDA audits, and ISP Chile approval has also been received. Therefore, it appears ready to scale up further as a commercial CRO, which will generate additional revenue for the company. This move would significantly enhance the marketability of the products.

Large capital expenditure plans to support the next phase of growth
The Company has embarked on a capital expenditure plan that will support its growth across markets. The total capital expenditure plan is pegged at Rs 350Cr, which is for capacity expansion and maintenance in the next one and a half years. The company is undergoing a capital expenditure journey to expand existing capacities, widen its product portfolio, and backwardly integrate the majority of the products.

Growing Demand with an increase in the market size of the US Business, a significant opportunity
CAPLIPOINT caters to the rapidly growing demand for injectable and ophthalmic products in the US and other regulated markets. Caplin's injectable portfolio comprises 29 filed ANDAs (Abbreviated New Drug Applications), of which 20 have already been approved. The growth pipeline remains robust, with 55 ANDAs under development. The market size of the company's approved products and those under approval in the US is currently $0.67 billion and is expected to reach around $5 billion or more in the coming years, which will create a huge opportunity for the company for future growth.

Market Opportunity in US (in $ bn)



Note: The Exhibit shows a potential growth of overall market size of CAPLIPOINT's products is in pipeline, under the approval and approved in US.
Source: Company, ACMIIL Retail Research

Growth Strategy for US Market

CAPLIPOINT entered US Market in 2017-18. It has launched 20 products in total in the US, through partners such as Fresenius Kabi, Baxter, Sagent, Xellia, Somerset, Meitheal and others. The Company is in the process of setting up its own front end in US for launching Caplin Steriles labeled products in the US. It makes progress on establishing front end in the US with incorporation of Caplin Steriles USA Inc ongoing, as a subsidiary of Caplin Steriles Ltd. Further, licensing and other incorporation formalities to be completed within 6-8 months. Post incorporation of front end, Company plans to launch own label for 15+ products within the first 12 months in the US. It has made significant progress towards digitalization of all Quality processes with the implementation of the Labware LIMS system.

<u>It's Core Strategy</u>

- Continuously strengthening the US Credentials by entering niche high value Injectable and Ophthalmic segment.
- Filing a mix of Simple and Complex injectables in US under Caplin's name.
- Planning to have front-end presence by H1FY24 in the US market to launch its own label and expand

US sales expected to reach US$ 100 million over the next 5 years:
The US is one of the key markets globally for pharmaceutical players and constitutes a significant chunk of the share of global sales. Considering this fact, the company expects revenues for the US business to reach US$ 100 million (~Rs 750 crore) over the next five years. CAPLIPOINT's target is to backwardly integrate with its own APIs for 70% of all filings in the US by 2024, a critical differentiator for generic Injectable. A strong product pipeline, aspirations for market share gains, and plans to establish their own presence in the US are the key factors that will drive growth for the company in the US markets.

Backward Integration to provide a competitive edge:
CAPLIPOINT plans to utilize its API Plant to cater to both the U.S. and LATAM businesses, as well as the upcoming Oncology business. This backward integration will help the company in manufacturing and supplying APIs for complex injectable products.

Recent approval from the US FDA:
Caplin Steriles Limited, a subsidiary company of CAPLIPOINT, received final approval from the US FDA for its ANDA Cisatracurium Besylate Injection USP, 10 mg/5 mL (2 mg/mL) and 200 mg/20 mL (10 mg/mL) Single-dose Vials; and 20 mg/10 mL (2 mg/mL) Multiple-dose Vials (Preserved), a generic therapeutic equivalent version of (RLD) NIMBEX injection by AbbVie Inc. According to IQVIATM (IMS Health), the injection is a neuromuscular blocking agent indicated as an adjunct to general anesthesia to facilitate both rapid sequence and routine tracheal intubation and to provide skeletal muscle relaxation during surgery or mechanical ventilation.

'Plant to Portal' to generate big data and lead to better product positioning:
Proposed extension from product manufacture to the retail interface through a healthcare portal that automates pharmacies, clinics, and diagnostic labs. This deployment of a healthcare portal will generate big data for generics, leading to better product positioning in emerging markets for pharmacies and wholesale channel partners. As a result, the company will be able to circumvent trade channels and improve margins. Additionally, CAPLI's healthcare e-commerce portal 'QuetenX' caters to ~1,500+ unique customers in Guatemala, Nicaragua & Ecuador. These initiatives will help CAPLIPOINT to have a better cost advantage is future, gather better intel on the market it operates in, better understand the market trends and changing customer needs as well as better access to some of its markets.

Forward Integration to help scale up the value chain:
The company moves further up the value chain with the acquisition of its channel partners in Latin America, thereby controlling manufacturing, export, import, and distribution with direct access to retailers and wholesalers. It had acquired most of its Channel partners in Latin American markets.

Capacity expansion to provide further growth:
The Company is expanding various existing facilities. Softgel capacity expansion has been completed, providing double the current capacity established for existing markets. Additionally, the OSD facility for Global markets, where construction work will commence shortly on a new Oral Solid Dosages plant in Thervoy SIPCOT, near Chennai. This facility will increase the existing OSD capacity by three times and cater to additional demand from LATAM markets such as Mexico and Brazil, in addition to regulated markets such as the US and the EU.

Additional Key Growth Drivers

- Caplin Point is considering inorganic growth opportunities, and management is positive about rewarding shareholders through special dividends or buybacks.
- The company is focused on sustainable progress and long-term growth, with plans to become a vertically integrated company in the pharmaceutical formulations and API segments.
- Its investing in digitalization and automation to improve processes and increase efficiency.
- The Company's subsidiary, 'Caplin Steriles' Phase 2, became operational from Q2FY24, which will increase production capacity and boost profitability.
- The Company is in line with the development of 70+ APIs, both in the General Category and Oncology, at the R&D scale, to be scaled up when the Company's API units go live in the next few months.
- The company is expanding its presence in Latin America and has received a $4 million order for oncology products in the RoW (Rest of the World) market.
- It plans to enter more regulated markets such as Canada, Australia, China, and Russia/CIS, as well as enter the larger LATAM markets of Mexico and Brazil in the near to medium-term horizon.

- The company has completed 4 complex product exhibit batches, including 3 injectables and 1 ophthalmic. It also plans to file all 4 with US and global markets during FY24.
- The company's exports to newer markets, such as Cambodia, Turkmenistan, and Uzbekistan, commenced in Q4FY23.
- The company has historically delivered on its growth commitments in terms of financial numbers. The 2016 top line is now the 2022 bottom line, and moving forward, it has a vision to achieve the current top line as the bottom line in the coming years. This gives confidence to investors about its commitment to growth.
- CAPLIPOINT's brand marketing segment in Latin America started to gain momentum, and meaningful revenue and bottom-line contributions are expected in FY25.
- The Company already filed 24 products in Mexico and received the registration of five in the recent past. They are sure of increasing filing to at least 60 to 70 before the end of 2024.
- Company ties up with existing and new third party manufacturers with Regulatory Approvals, for key Mexico market, especially in areas such as Penicillin, Cephalosporin range of products.

Industry Overview

A. Global Outlook

Increased Use of Medicine:

Medicine usage, measured in defined daily doses, has grown by 36% over the past decade, driven by increased access to medicines. The highest volume growth is expected in Latin America, Asia, and Africa, driven by a mix of population growth and expanded access, while North America and Europe will see very low growth.

Spending and Growth by Regions:

The global medicine market, using invoice price levels, is expected to grow at a 3-6% CAGR through 2027, reaching approximately $1.9 trillion, with diverging trends by region. Growth in developed economies continues at relatively steady rates, with new products offsetting patent expires. Latin America, Eastern Europe, and parts of Asia are expected to experience strong growth driven by volume and greater adoption of novel medicines.

Growth in Spending on Specialty Medicines:

Specialty medicines will represent about 43% of global spending in 2027 and 56% of total spending in developed markets. Global spending on cancer drugs is expected to reach $370 billion by 2027, with growth accelerating due to the launch and use of novel drugs and limited new biosimilar impact. Immunology spending growth will slow to 3-6% through 2027 due to price reductions associated with biosimilar competition, while volume growth continues at 12% annually. New therapies for rare neurological disorders, Alzheimer's, and migraines are expected to drive spending growth in neurology.

Biotech Spending:

Biotech will represent 35% of global spending and will include both breakthrough cell and gene therapies, as well as a maturing biosimilar segment. Major advances are expected to continue, especially in oncology and immunology. The outlook for next-generation bio-therapeutics includes a definitively uncertain range of clinical and commercial successes.

B. Indian Outlook

The pharmaceutical industry in India has unique characteristics, dominated by branded generics, local brands, and low price levels with intense competition. Known as the 'Pharmacy of the World,' India plays a major role in the manufacturing and global supply of medicines. Indian pharmaceutical exports reach more than 200 countries worldwide. Indian medicines are preferred globally due to their high quality and affordability. India ranks among the top 10 formulation-exporting countries globally, being the fourth largest by volume and the tenth largest by value.

India is also the largest 'generic-only' exporter globally, accounting for 20% of global exports in generics. The pharmaceutical industry has made tremendous progress in terms of infrastructure development, technology base, and a wide range of products. The industry has established GMP-certified (Good Manufacturing Practices) facilities to produce various dosage forms.

India has the second-highest number of United States Food and Drug Administration (USFDA) approved facilities, and labor costs in India are lower than in other manufacturing hubs, by up to 40%. Despite recent challenges, the pharmaceutical industry in India has experienced rapid growth. India is poised to become one of the top three pharmaceutical industries by 2030. Generic penetration in high-value healthcare markets, such as the US, is growing significantly, with India supplying over 20% of the demand in major geographies.

The Indian Pharmaceutical Market is expected to register a CAGR growth of 10.7% over the forecast period from 2023 to 2028. The pharmaceutical industry in India is significantly contributing to healthcare globally. The Department of Pharmaceuticals has estimated the current size of the industry at about US$ 41 billion, including drugs and medical devices. India continues to play a substantial role in manufacturing various important, high-quality, and cost-efficient medicines for both Indian and global markets.

Story in Charts (Values in Mn.)

Exhibit 1: Sales Growth

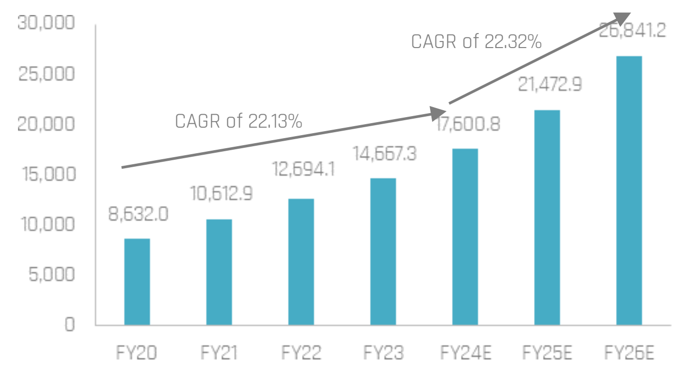


Exhibit 2: EBITDA & EBITDA Margin %

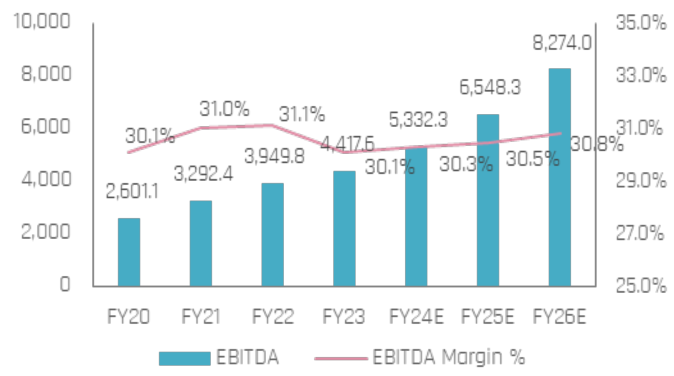


Exhibit 3: Adjusted PAT

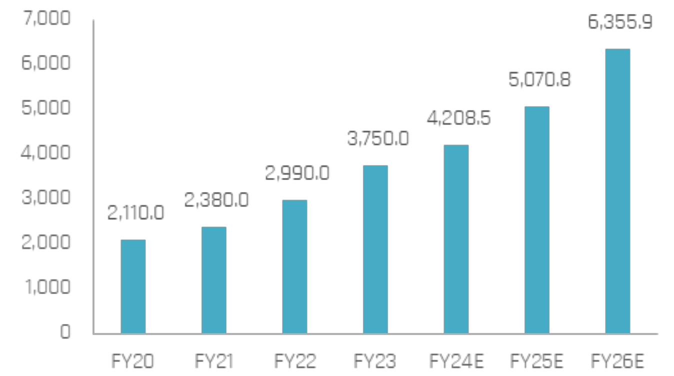


Exhibit 4: Product Mix

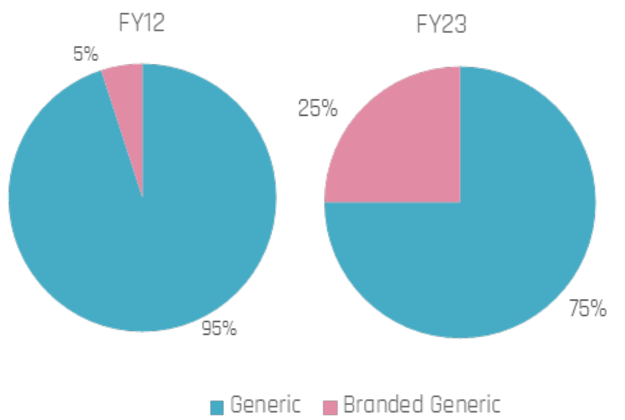


Exhibit 5: Location- wise Revenue Breakup (FY23)

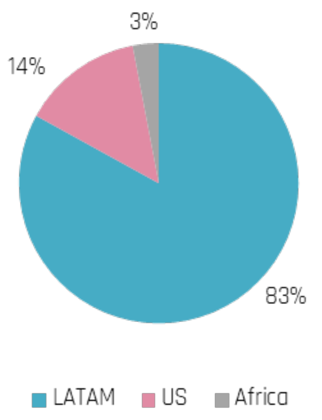
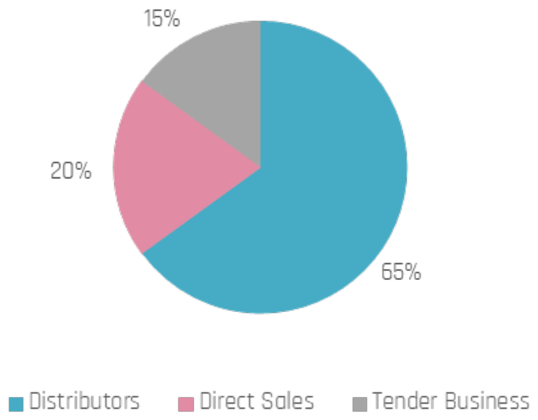


Exhibit 6: Revenue by Channel (FY23)



Source: Company, ACMIIL Retail Research

Financial Statements

Consolidated Profit & Loss Statement:

Particulars (Rs. in Mn.)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Sales	8,632.0	10,612.9	12,694.1	14,667.3	17,600.8	21,472.9	26,841.2
Expenses	6,030.9	7,320.5	8,744.3	10,249.7	12,268.5	14,924.6	18,567.2
EBITDA	**2,601.1**	**3,292.4**	**3,949.8**	**4,417.6**	**5,332.3**	**6,548.3**	**8,274.0**
EBITDA Margin %	**30.1%**	**31.0%**	**31.1%**	**30.1%**	**30.3%**	**30.5%**	**30.8%**
Other Income	412.9	229.4	384.4	553.6	655.0	683.0	705.0
Depreciation	316.2	369.7	469.0	449.9	693.8	859.7	1000.8
Interest	3.2	15.9	7.0	7.8	8.0	8.2	8.5
PBT	**2,694.6**	**3,136.2**	**3,858.2**	**4,513.5**	**5,285.5**	**6,363.4**	**7,969.7**
Tax	543.8	621.9	773.7	743.6	1,057.1	1,272.7	1,593.9
PAT	**2,150.8**	**2,514.3**	**3,084.5**	**3,769.9**	**4,228.4**	**5,090.7**	**6,375.8**
Adjusted PAT^	**2,110.0**	**2,380.0**	**2,990.0**	**3,750.0**	**4,208.5**	**5,070.8**	**6,355.9**
Adjusted EPS (Rs.)	27.7	31.2	39.2	49.0	55.4	66.8	83.7

^Note: Adjusted PAT is after considering exceptional items.

Source: Company, ACMIIL Retail Research

Risks and concerns

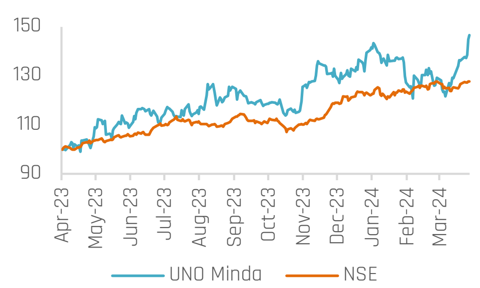
- The company derives approximately 83% of its revenue from LatAm markets. A slowdown in the region's economy could hamper its growth prospects.
- Any negative outcome from the inspection of its key manufacturing facility by the US FDA or other regulatory authorities could affect the company's growth prospects. So far, the company has maintained a clean compliance track record.
- The company sources 45% of its products from China. Supply disruptions from China may impact overall growth.

ACCUMULATE

Key Data	
DATE	08-04-2024
Reco Price	730-740
Target	938
Sector	Auto Ancillaries
BSE Code	532539
NSE Code	UNOMINDA
Face Value (Rs.)	2
Market Cap (Mn)	421918.65
52-week High/Low (Rs)	746/477

Shareholding pattern (Dec 2023)	%
Promoters	68.72
DIIs	16.91
FIIs	7.94
Public	6.41
Total	**100.00**

Price Performance



UNO Minda Limited

Company Background

Uno Minda Ltd. (UML) was established in 1985, serves as a key provider of automotive solutions and systems for Original Equipment Manufacturers, marking its significant presence in the automotive industry's supply chain for over 60 years through innovative product offerings. The company stands out as a top-tier producer in several domains, including automotive switching systems, automotive lighting systems, automotive acoustics systems, automotive seating systems, and alloy wheels. With a strong focus on the future of mobility, UML has developed an extensive range of products tailored for electric vehicles, positioning itself at the forefront of the shift towards electric mobility. The company caters to a wide array of automotive components and systems across more than 20 categories, serving top OEMs in India, as well as those in Asia, South and North America, and Europe. UML boasts an expansive global manufacturing footprint, with more than 73 facilities worldwide, including international plants located in Indonesia, Vietnam, Spain, and Mexico.

Outlook and Valuation

UML boasts a diversified business profile, with its operations spanning across various automotive segments and products, serving a broad array of automotive OEMs. The company is strategically positioned to benefit from the trend towards premiumization, significant presence in high-demand areas such as alloy wheels, airbags, sensors, seat belts, and smart systems. These areas are highly sought after by domestic OEMs, bolstered by regulatory measures aimed at enhancing safety. Additionally, UML has introduced new products tailored for EVs and other segments. The Indian Auto Industry's growth trajectory appears positive, buoyed by the revival of two-wheelers (2W), new passenger vehicle (PV) launches, a rebound in export markets, and stable commodity prices. UML's ongoing capacity expansion efforts and a strong order book are set to propel the company to surpass industry growth rates in the medium term. The management is optimistic about maintaining sustained superior performance through new product introductions, market share growth, and export ventures, coupled with a commitment to consistent industry outperformance (aiming for more than 1.5x the industry rate) while emphasizing growth and innovation. **Anticipating industry-leading growth and government initiatives, we project a revenue CAGR of 22% from FY23 to FY26E. We recommend to "Accumulate" with a target price of Rs 938, indicating a potential 28% upside, based on PE of 38x applied to the FY26E EPS of Rs 24.68.**

Financial Snapshot

Particulars (in Mn.)	FY23	FY24E	FY25E	FY26E	CAGR % (FY23 - FY26E)
Revenue	1,12,364.9	1,37,641.0	1,67,922.0	2,04,864.9	22%
EBITDA	12,419.8	15,553.4	19,143.1	23,559.5	24%
EBITDA %	11.05%	11.30%	11.40%	11.50%	
PAT	6,535.5	7,652.7	10,337.5	14,169.0	29%
EPS (Rs)	11.41	13.33	18.01	24.68	

Source: Company, ACMIIL Retail Research

Company at glance

- Leading manufacturer of auto components and systems with leadership across key product segments.
- Diversified product portfolio with marquee clientele, both globally and domestically.
- Strong R&D focus and infrastructure helps in in-house product development and localization of products.
- Steadily growing its global presence through sustained capacity additions and channel expansions.
- Boasts robust financial record and shareholder returns, backed by seasoned promoters and a professional management team.

Investment Idea

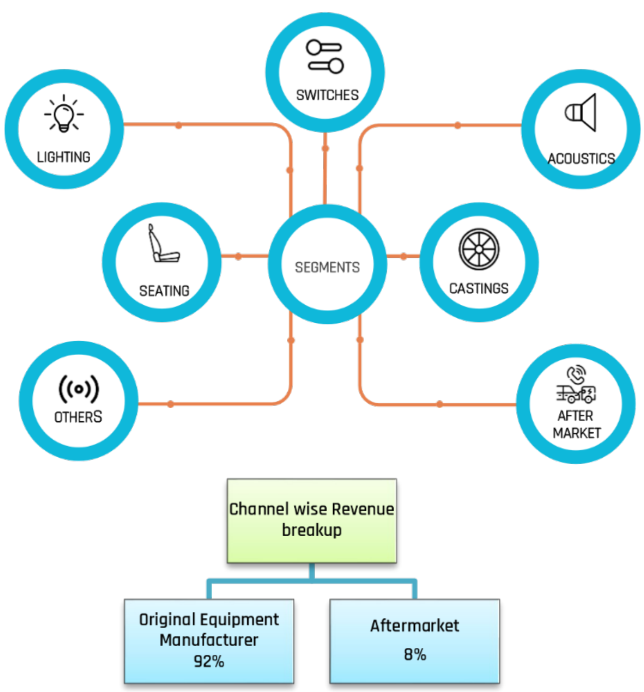
Company Overview

The UNO Minda group started in 1958, leading to the founding of Uno Minda Limited in 1992. This journey is marked by a culture of innovation, leading to the creation of unique products that offer significant value, as detailed below:

Year	Details
1958-1960	• Uno Minda took its first step in its illustrious journey by manufacturing ammeters. • Took the first step towards expanding the portfolio by venturing into the realm of automotive switches.
1980-1993	• Took another step towards horizontal diversification with the manufacturing of automotive lighting products. • Added another product to the portfolio by venturing into the horns segment.
1995-2005	• Commenced the production of automotive 4W switches through associate company (Mindarika Private Limited). • Made presence felt on international shores with a manufacturing facility in Indonesia.
2007-2010	• Forayed into the battery segment with a new manufacturing facility at Pantnagar. • Commenced manufacturing of blow moulded products from the Company's Bengaluru site. • Reinforced international presence with a new manufacturing facility in Vietnam. • Initiated the design and development of alternative fuel kits at Manesar facility. • Bolstered product portfolio with the addition of aluminium diecast products for automobiles.
2011-2015	• Scaled up the blow moulded manufacturing facility at Bawal. • Acquired Clarton (leading horn manufacturers in Europe) of Spain. • Began production of fuel caps. • Entered into joint venture with Kosei for manufacturing alloy wheels for passenger vehicles.
2016-2019	• Acquired Rinder Group of Spain, widening lighting segment with LED lights. • Entered into joint venture with Katolec Japan (EMS), and Onkyo (Infotainment accessories). • Entered into an agreement with SENSATA Technologies USA for high-end sensors for BS VI application. • Setup CREAT for advanced research engineering and technologies. Acquisition of ISYS RTS GmbH, Germany. • Acquired advanced lighting technology company, Delvis in Germany.
2020-2023	• Entered into TLA with Dayou Global for LPDC alloy wheels. • Completed acquisition cum merger of Harita Seatings thereby adding automotive seating to the Company's diversified product portfolio. • Entered into joint venture agreement with FRIWO AG for 2-wheeler/3-wheeler electric vehicle component. • Entered into joint venture with Tach-S Japan for automotive seating and Buehler Motor, Germany for traction motors. • Entered into TLA with Asentec, Korea for advance automotive sensors. • Developed formidable 2-wheeler/3-wheeler electric vehicle component product portfolio.

Source: Company, ACMIIL Retail Research

Business Segments



Source: Company, ACMIIL Retail Research

Switches: One of the premier and leading manufacturers of switching systems and handlebar assemblies for 2W and 3W. The Company serves most major OEMs by developing top-notch products for two-wheeler, three- wheeler, and off-road vehicle segments

Lighting: India's foremost automotive lamp manufacturers with global R&D and design centers. Latest developments are innovative lighting solutions like cornering lamps, connected tail lamps, illuminated badges, interior moon lighting, logo projections, and adaptive lighting.

Acoustics: India's largest manufacturer of automobile horns, Uno Minda Acoustic Division, is the most preferred horn supplier to Indian OEMs, owning nearly 50% of the market.

Casting: It comprises four wheeler and two wheeler alloy wheel along with aluminum die casting business. It is a leading player in both four wheeler and two wheeler alloy wheel with annual manufacturing capacities of approx. 4.5 Mn and 3.6 Mn wheels respectively.

Seating: In April 2021, the Seating division came into existence with the conclusion of the merger of Harita Seating Systems Limited (HSSL) with UML

Others: sensor, actuator, and controller division and blow moulding business.

Aftermarket: One of the leading automotive aftermarket companies in India and its vision is to create a best-in-class global distribution organisation for the aftermarket of Uno Minda products.

Investment Idea

Strategic Collabartions and Joint Ventures over the decades

Throughout the years, UML has engaged in several strategic partnerships and JV, expanding its range of offerings to customers, as outlined below:

Source: Company, ACMIIL Retail Research

Clienteles

Domestic

2-Wheeler

4-Wheeler

Off Road

International

2-Wheeler

4-Wheeler

Off Road

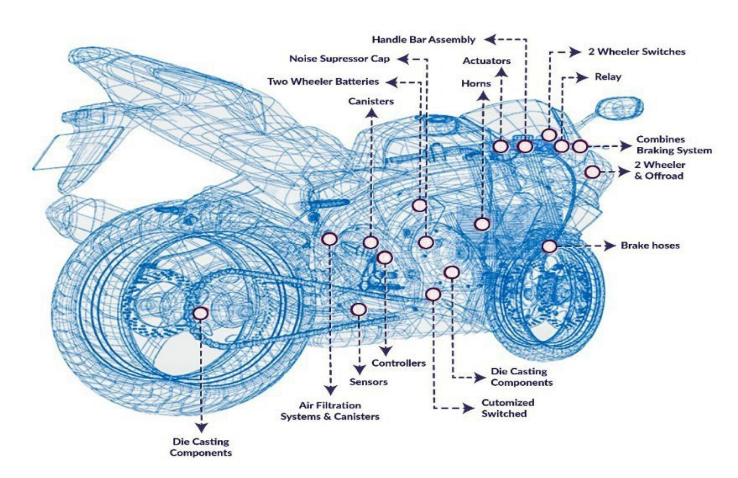
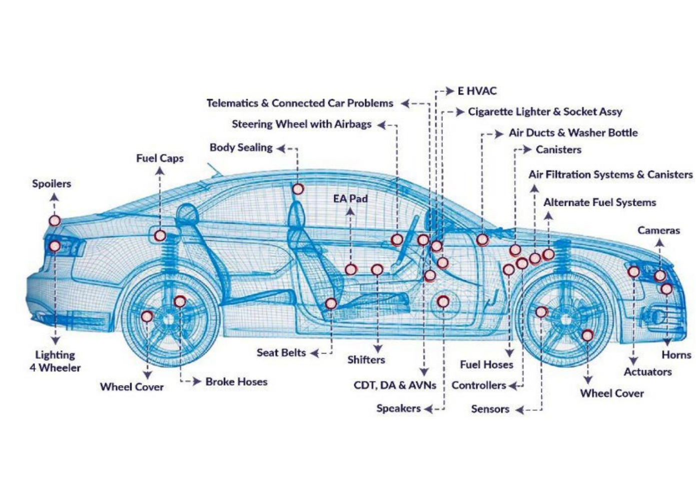
Source: Company, ACMIIL Retail Research

Investment Idea

Product Portfolio

Source: Company, ACMIIL Retail Research

Content per vehicle (2W and 4W)

Dominating the 2 Wheeler Landscape	UML's resilient footprint in the 4 wheeler industry
	

Source: Company, ACMIIL Retail Research

Spanning Domestic borders and Beyond

Domestic Presence		
67 Plants	7 Sales Office	24 R&D Centres
North Zone	South Zone	West zone
Manesar	Bengaluru	Ahmedabad
Bawal	Chennai	Pune
Neemarana	Hosur	Ahmednagar
Bhiwadi	Mysore	Aurangabad
Delhi		Waluj
Bahadurgarh		Pithampur
Sonipat		
Pantnagar		
Surajpur		
Nalagarh		
Haridwar		

International Presence		
6 Plants	7 Sales Office	3 Engineering Centres
North & South America	Europe	Asia (w/o India)
Mexico	France	Indonesia
Colombia	Spain	Taiwan
	Germany	Thailand
		Vietnam
		Japan
		South Korea

Source: Company, ACMIIL Retail Research

Investment Rationale

Strengthening Market Presence through Innovation and Efficiency

UML enjoys a prominent market standing in India, extending its operations both locally and globally. This positioning allows them to cater a broad spectrum of clients, including key players in the automobile manufacturing sector and the aftermarket supply chain. By capitalizing on its extensive asset foundation, encompassing manufacturing units, R&D facilities, storage spaces, specialized tools and equipment, company adeptly manufactures components for its clientele. The utilization of cutting-edge IT technologies and software plays a crucial role in delivering innovative products and solutions, further reinforcing its market advantage. The emphasis on enhancing storage capabilities, infrastructure, processing, and asset development is central to UML's strategy for supplying superior products across the globe. The company's proactive approach in embracing innovative technologies and methodologies significantly boosts its efficiency and smart operations, strengthening its significant market presence.

Strategic collaboration and partnership leads to generate synergy

UML has strategically diversified and enhanced its technological prowess through joint ventures (JVs) and technical partnerships with international players. These collaborations helps in broadening company's product offerings and increasing its value contribution per vehicle to original equipment manufacturers (OEMs). The company has also invested significantly in its in-house research and development capabilities, establishing over 30 R&D and engineering centers worldwide. Its premier R&D hub, CREAT (Center for Research, Engineering, and Advanced Technologies), focuses on pioneering new technologies and refining the existing product spectrum. Notably, recent collaborations with FRIWO AG, a German innovator in power supply and e-drive systems, and Buehler, for the development and marketing of traction motors in India and the SAARC region, are poised to significantly bolster Uno Minda's footprint in the electric vehicle (EV) sector. While Uno Minda's product range largely remains independent of specific powertrain technologies, mitigating risks associated with the shift towards e-mobility, it has methodically expanded its offerings in the EV market to drive future revenue growth and enhance its content per vehicle.

Leading the way in automotive components with strong product portfolio across diverse vehicle segments

UML stands as a leader in the automotive components industry, showcasing its dominance across various vehicle categories. It is India's foremost switch manufacturer for two-wheelers, three-wheelers, four-wheelers, off-road, and commercial vehicles. As the third-largest player in automotive lighting in India, it boasts an international presence with R&D and design centers in Taiwan and Spain for two-wheelers, and in India and Germany for four-wheelers. Company also leads the Passenger Vehicle (PV) segment as the top manufacturer of alloy wheels and in the acoustics category, it is recognized as the number one brand in India and the second largest globally. Additionally, UNO MINDA holds a prime position in supplying to commercial vehicles, buses, and two-wheelers within India, underlining its comprehensive leadership and innovation in the automotive components sector. Company currently hold approximately 18% to 20% market share in airbags, and strategizing on ways to approach a 24% to 25% market share.

Continuous capacity expansion enhances growth opportunities

The company has embarked on considerable expansion efforts to enhance its production capacities across various segments. For the fiscal year 2024, the company has allocated a capital expenditure (capex) of approximately Rs 8,000 million. This investment covers the acquisition of land and the establishment of manufacturing facilities. Over the next two years, the company plans to invest in the range of Rs 14,000 million to Rs 16,000 million as capital expenditures. The focus of these investments will be on developing facilities for the production of alloy wheels, switches, lighting products, seat belts, smart systems, and airbags. This strategic expansion is aimed at broadening the company's manufacturing capabilities in these key automotive component sectors.

Navigates the transition from ICE to EV by maximizing kit value through enhanced component offerings

The shift towards more premium components (e.g., from steel wheels to alloy wheels, or halogen lamps to LED lamps) positively impacts its operations by increasing the kit value. Kit value refers to the total cost of components supplied by the company for each vehicle. This trend is advantageous across both ICE and EV platforms but is particularly pronounced in the transition to EVs. The company's existing product lineup, is largely agnostic to the type of vehicle engine (ICE or EV). This means that the company's products can be used in both ICE vehicles and EVs without facing significant risks or challenges during the industry's transition from ICE to EV, except for some minor exceptions like small casting products. For two-wheelers and three-wheelers, the company has been working on significantly increasing the kit value in the EV segment. The kit value for ICE engine vehicles is between Rs 7,000-7,500, but this value jumps to Rs 9,000-9,500 for EVs. Moreover, the company is developing a comprehensive product profile for EVs that has already achieved a kit value of Rs 25,000-30,000, with ambitions to elevate this to Rs 50,000. This represents a substantial increase in value and indicates a strategic focus on enhancing the component offering for EVs. By prioritizing the increase in kit value and developing a robust product portfolio for EVs, the company positions itself to benefit significantly from this transition. The increase in kit value not only indicates a move towards more sophisticated and higher-value components but also reflects the company's adaptability and readiness to meet the demands of the emerging EV market.

Gaining significant momentum in the electric vehicle (EV) sector

The company has expanded its lineup with new electric vehicle (EV)-specific products, including onboard chargers, DC-DC converters, and smart plugs, to meet the growing demands of the EV market. A partnership with FRIWO AG has enriched its portfolio with battery management systems, off-board chargers, and motor controllers. Furthermore, a collaboration with Buehler Motor GmbH aims to design, produce, and market traction motors within India and SAARC countries, highlighting its commitment to innovation in the EV space. The company's EV offerings now span two-wheelers and three-wheelers, featuring a comprehensive range of products from battery management systems to smart plugs and telematics. Orders for traction motors, DC-DC converters, and motor controllers are in place, marking a significant step forward in its EV strategy.

Secures New Orders in Seatings and Controllers, Bolstering EV Market Presence

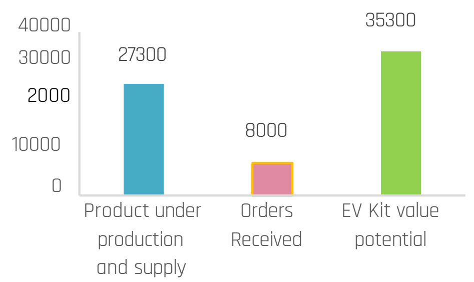
UNOMINDA has experienced significant achievements in securing new orders across various segments. In the seating segment, the company has successfully garnered orders from three emerging EV two-wheeler OEMs and one established two-wheeler OEM, marking a notable expansion in its client base. The momentum extends to the controllers business, where UNOMINDA anticipates continued growth following the acquisition of new orders for wireless chargers from a four-wheeler OEM in the current quarter. Additionally, company has secured new orders from EV OEMs, which are allocated for EV-specific products, including off-board chargers, motors, and motor controllers, underscoring the company's strong positioning in the rapidly growing electric vehicle market.

Peak Annual Order Value from EV OEM (in Rs Cr)

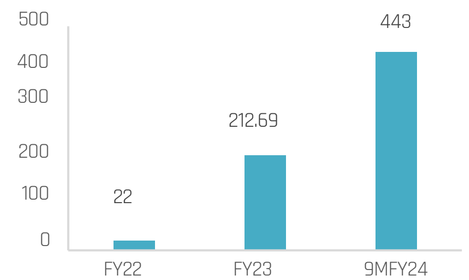
Particulars	2W/3W	PV/CV	Total
Engine Agnostic Components	808	566	1374
EV Specific Components	1655	263	1918
Total	**2463**	**829**	**3292**

*Note: Order values are basis customer guided volumes

Potential Kit Value (In INR)



Sales to 2W Electric Vehicles (In Cr)



Source: Company, ACMIIL Retail Research

Industry Synopsis and growth drivers

The Indian automobile industry has experienced significant growth and global recognition over the last twenty years, positioning itself as a formidable contender for the top three spots in the global automotive sector. With its ranking as the fourth largest in the production of cars and commercial vehicles, the second-largest producer of two-wheelers, sixth in commercial vehicles, and third in passenger vehicles, India has become a globally preferred hub for the manufacturing of high-quality automotive components and vehicles. The industry, currently valued at US$ 222 Billion, is projected to soar to US$ 300 Billion by 2026, supported by a US$ 3.5 Billion investment from the Government, which includes financial incentives of up to 18% to enhance manufacturing capabilities. Anticipated to achieve a CAGR of 11.3% until 2027, the sector's expansion is driven by increasing disposable incomes, the broad availability of credit and financing options, and demographic growth. A significant surge in the demand for electric vehicles marks a pivotal shift in the industry, with a strategic move towards adopting cleaner technologies and reducing emissions expected in the near future.

Key growth drivers of automobile Industry

- Rising middle-class income and a huge youth population will result in strong demand.
- The global EV market was estimated at approximately US$ 250 billion in 2021 and by 2028, it is projected to grow by 5 times to US$ 1,318 billion.
- India could be a leader in shared mobility by 2030, providing opportunities for electric and autonomous vehicles.
- Focus is shifting to electric vehicles to reduce emissions.
- By 2030, the Indian government has committed that 30% of the new vehicle sales in India would be electric.

Auto Ancillary market

The auto ancillary industry is a pivotal segment within the broader Indian automotive sector, specializing in the manufacture and distribution of intermediate products and parts essential for vehicle assembly. This sector is crucial in the automotive's functionality, supplying vital components that enhance vehicle performance, safety, and overall operation. It spans various sub-segments, including engine components, drivetrain and steering systems, vehicle bodies and chassis, suspension and braking systems, electrical parts, and additional items such as fan belts, die-cast, and sheet metal parts.

The auto component sector significantly contributes to India's economic growth and employment landscape, featuring a diverse range of companies from large-scale enterprises to small-scale operations located in industrial clusters nationwide. It represents 2.3% of the country's GDP and directly employs around 1.5 million individuals. Projected capital expenditure for the industry is expected to reach between Rs 20,000- 25,000 crore by FY2025, focusing on new product introductions, platform-specific product development, and the adoption of cutting-edge technologies. This investment will also support the expansion into electric vehicle (EV) components, increase production capacity, and adapt to regulatory advancements. The industry is poised for growth, driven by increasing orders for new models due to global OEMs' vendor diversification strategies, enhanced product value in international markets, and a rising demand in the aftermarket segment as vehicle fleets age, all of which present promising opportunities for Indian auto component manufacturers.

Growth Drivers

Seizes growth opportunities amidst soaring two-wheeler sales and electric vehicle surge in India

The significant growth in motorcycle and scooter sales in India, recording a double-digit increase to reach 18.4-18.5 million units in FY 2023-24, directly benefits UML's strategic positioning and operational focus. As petrol-powered models, which still represent over 95% of this market at approximately 17.5 million units, continue to dominate sales, company's extensive offerings in automotive switches, lighting, and other components for these vehicles are poised for increased demand. Additionally, the record dispatch of about a million electric two-wheelers opens a new avenue for growth, aligning with UML's initiatives in electric vehicle (EV) components. The expected retail sales of electric two- wheelers, reaching 900,000 to 950,000 units by FY24, underscore the EV market's rapid expansion and company's opportunity to leverage its R&D in this sector. Given the company's presence in various segments, including the premium motorcycle category, where sales of 125-150cc, 150-250cc, and over 250cc models have seen growth rates of 15%, 22%, and 19% respectively, UNO MINDA can further solidify its market share by catering to the diverse needs of this evolving market. With a comprehensive portfolio that addresses the needs of both traditional and electric two-wheelers, company is strategically positioned to harness the growth trends in India's two-wheeler market, translating the increased volumes into higher demand for its automotive components, and thereby bolstering its revenue and market leadership position.

Strategic localization investments set to propel growth in reducing import dependency and expanding export opportunities

The Indian auto industry is set to invest up to $7 billion (about Rs 58,000 crore) by FY28 to enhance the localization of advanced auto components, such as electric motors and automatic transmissions. This move aims to reduce imports and leverage the 'China Plus One' strategy for sourcing by multinationals. The investment, planned between FY24 and FY28 by automakers and suppliers, follows more than 500 localization projects already completed across 11 key component categories, which have helped reduce net imports by 5.8% in the two years to FY22. India's new electric vehicle (EV) policy reduces import duties on electric cars to 15% from 70-100% for five years, contingent upon a minimum USD 500 million investment in local manufacturing within three years. This move aims to attract global automakers, stimulate domestic production, and support the country's ambition to become a leading EV market globally. It will be positive for Auto Ancillary players to supply locally manufactured components aiming to boost localization. Further, there's an ongoing effort to reduce imports of specific components like airbags, electronic stability control units, and ventilator fan systems by significant percentages over the next few years. The initiative also targets making India an export hub for advanced auto components, with the industry's value addition having increased significantly in recent years. Despite China's current dominance in auto parts supplies to India, efforts towards localization and government incentives, like the PLI scheme, have begun to show promising results, reducing the import share in the automotive industry's total revenues and supporting growth in exports.

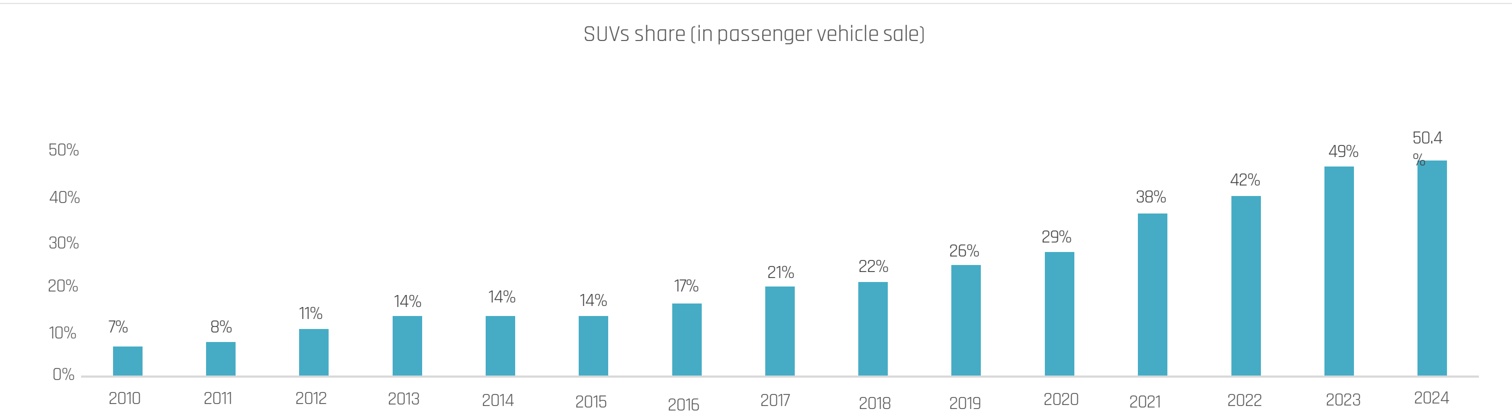
Government Enhances Support for EV Market with New Policies and Subsidy Adjustments

The government has initiated the FAME II subsidy scheme to encourage faster adoption of e mobility vehicle in FY22. Under this scheme government initially allocated Rs 10,000 crore over three years from 2022 to March, 2024. Its original objective was to bolster 10 lakh electric two- wheelers, 5 lakh electric three-wheelers, 55,000 passenger cars, and 7,000 electric buses. The Ministry of Heavy Industries (MHI) has announced a significant boost to the funds allotted to the FAME-II (Faster Adoption and Manufacturing of Electric Vehicles in India) subsidies for green vehicles in India. The government has increased the outlay of the program from Rs 10,000 crore to Rs 11,500 crore. The upcoming Electric Mobility Promotion Scheme is set to debut on April 1, 2024, supplanting the current Faster Adoption and Manufacturing Electric Vehicles- Phase-II initiative. The Centre announced a new scheme, the Electric Mobility Promotion Scheme (EMPS), 2024, to promote the sale of electric two-wheelers (e2W) and three-wheelers (e3W) in the country. The Centre has allocated Rs 500 crore for the new scheme, which will be valid for four months from now. It's showing government commitment to the growth for electric vehicles in the country. This new initiative replaces the ongoing FAME-II scheme which lapses on March 31, 2024. Companies needs to register under new programme to be eligible for getting subsidies. A third iteration of FAME-III will be announced after poll to cover more categories.

SUVs fueling growth in India's Passenger Vehicle Market

After experiencing a remarkable growth of 27% in FY23, with 3.9 million units sold, India's passenger vehicle (PV) sales are anticipated to healthy growth rate of 5-7% CAGR is expected over a five-year period. This sustained advancement is largely fueled by the expanding middle class, which, with its increasing disposable income, is creating a burgeoning market for cars, especially those packed with advanced features. This trend is encouraging automakers to introduce new models to meet the rising demand. As the automotive sector in India prepares for another year of stellar performance, Sport Utility Vehicles (SUVs) are becoming increasingly significant. SUVs are set to elevate the PV segment to new heights, not only transforming market dynamics but also enhancing the financial prospects of automakers. With their growing popularity, SUVs are firmly in the spotlight, ready to lead the charge in India's automotive sector's journey towards further success.

In FY24, SUVs (in passenger vehicle sale) share increased more than 50% and it is likely to go up to 52-53% in the next one year, and to 55% in two-three years.



Source: Company, ACMIIL Retail Research

Positioned to thrive amidst surging demand for premium SUVs and electric vehicles

The automotive industry's achievements in FY24, notably the 8.74% increase in domestic passenger vehicle sales and the booming SUV market, are particularly beneficial for UML. As SUVs now account for over half of the market share with a 28% increase in sales, company's opportunity to supply components for these vehicles expands significantly. This shift towards SUVs, coupled with the 11% growth in rural automotive sales, opens up new avenues for company to strengthen its presence in these burgeoning segments. The rise in rural demand, attributed to improved infrastructure and income levels, aligns well with UML's strategy to penetrate deeper into untapped markets. Furthermore, the evolving landscape of electric and hybrid vehicle sales, with 99,000 electric and 89,500 hybrid cars sold, indicates a growing market for innovative automotive technologies. UNO MINDA's focus on R&D for electric and hybrid components positions the company to leverage these trends effectively. UNO MINDA's diverse product portfolio and strategic market positioning are set to play a crucial role in capturing the opportunities presented by these shifts in consumer preference and market dynamics.

Additional Key growth drivers

- Growing working population and expanding middle class are expected to remain key demand drivers.
- By 2025, 4 million of EVs could be sold each year and 10 million by 2030. The market is expected to reach US$ 206 billion by 2030.
- The Indian auto component industry is set to become the 3rd largest globally by 2025.
- Gradual shift among Original Equipment Manufacturers (OEMs) towards adopting a higher number of airbags in vehicles.
- India is emerging as a global hub for auto component sourcing and the industry exports over 25% of its production annually.
- Auto component exports are expected to grow and reach US$ 30 billion in FY26.
- India has a competitive advantage in auto components categories such as shafts, bearings and fasteners due to large number of players. This factor is likely to result into higher exports in coming years.
- 100% FDI is allowed under the automatic route for auto components sector.
- India is the 2nd largest steel producer globally, thus has a cost advantage.
- India is emerging as a global auto component sourcing hub due to its proximity to key automotive markets such as ASEAN, Europe, Japan and Korea.
- Extended anti-dumping duty on imports of "Aluminium Alloy Road Wheel" originating in or exported from China PR for five years.
- PLI Scheme Extended by 1 year, government extends tenure of automobile, component PLI scheme by 1 year. Five year to start from FY24 and ending in FY28. Government in interim budget increased allocation to Rs 3,500 crore for PLI Auto, Components scheme in FY25

Investment Idea

Exhibit 1: Net Sales (in mn)

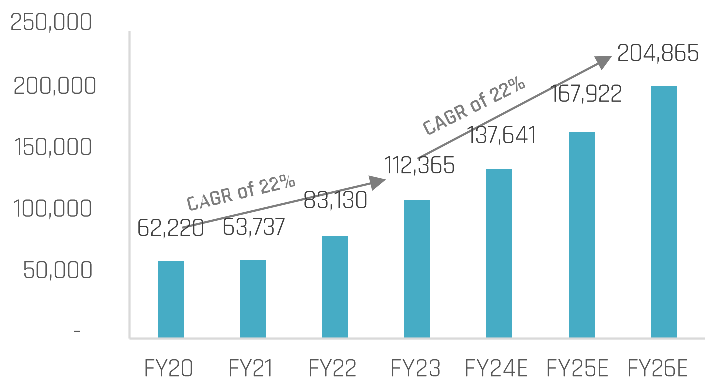


Exhibit 2: EBITDA & EBITDA Margin %

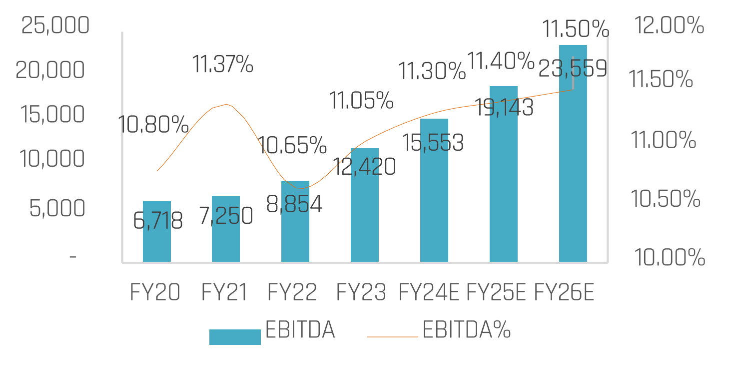


Exhibit 3: PAT

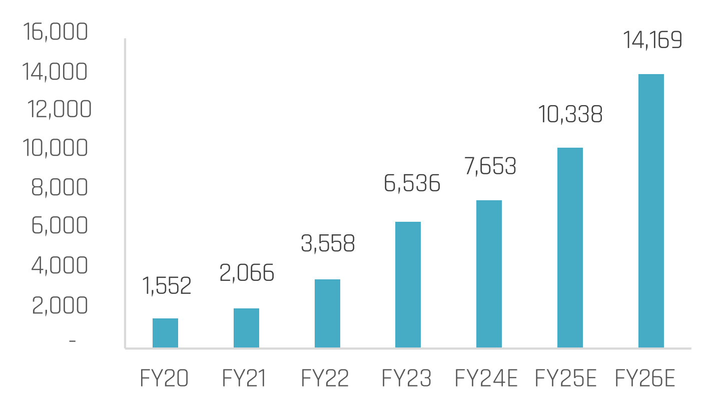


Exhibit 4: Product wise Revenues Dec 2023

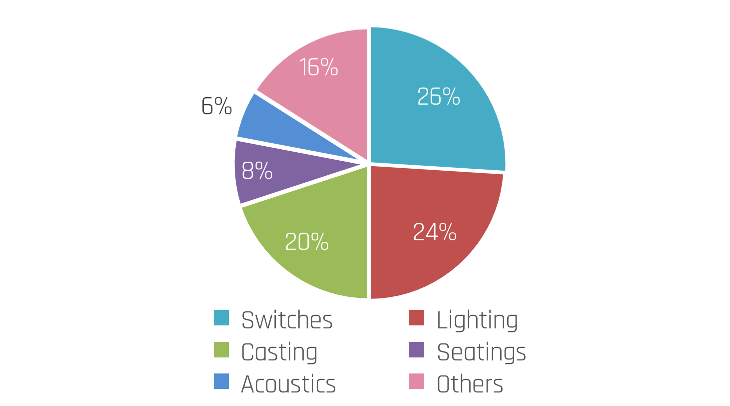


Exhibit 5: Geographical mix Dec 2023

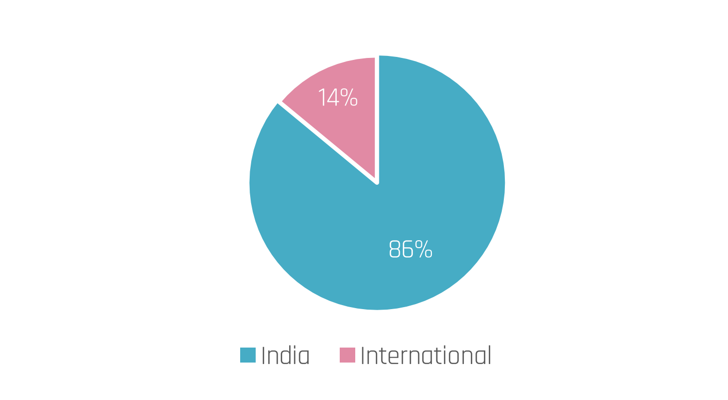
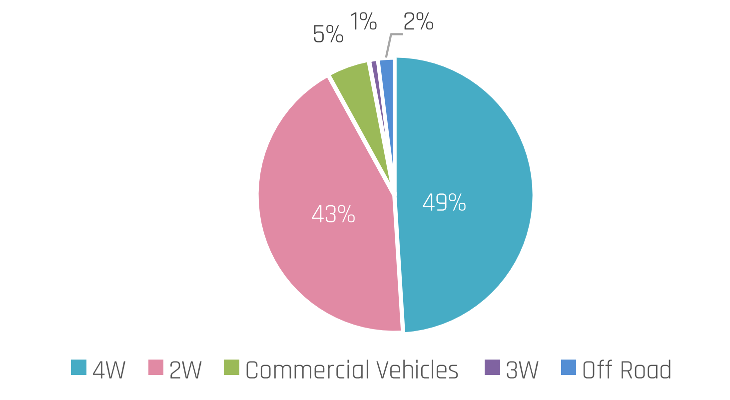
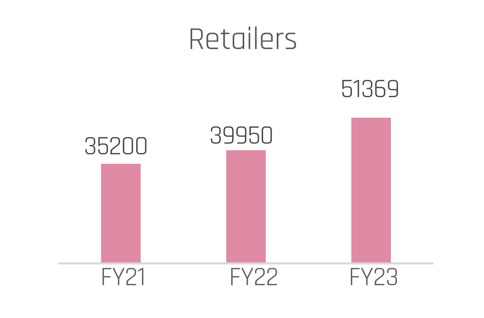
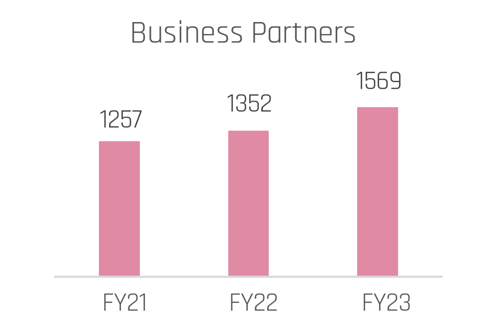


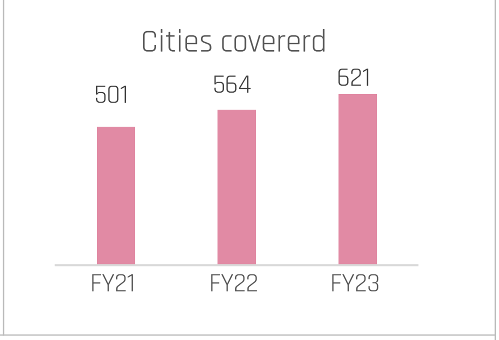
Exhibit 6: Segment wise Revenues Dec 2023



AFTERMARKET -Expanding B2C Network







Source: Company, ACMIIL Retail Research

Financial Statements

Consolidated Profit & Loss Statement:

Particulars (in Mn)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	62,220.3	63,737.4	83,130.0	1,12,364.9	1,37,641.0	1,67,922.0	2,04,864.9
Total Expenses	55,502.3	56,487.5	74,276.1	99,945.1	1,22,087.6	1,48,778.9	1,81,305.4
EBITDA	**6,718.0**	**7,249.9**	**8,853.9**	**12,419.8**	**15,553.4**	**19,143.1**	**23,559.5**
EBITDA%	**10.80%**	**11.37%**	**10.65%**	**11.05%**	**11.30%**	**11.40%**	**11.50%**
Interest	941.7	736.5	623.2	695.2	1,098.2	1,404.7	1,573.6
Depreciation	3,400.7	3,753.0	3,917.5	4,299.3	5,489.2	5,078.7	4,261.4
Other Income	404.9	470.3	629.4	488.9	304.3	340.3	384.2
PBT^	**2,435.9**	**3,248.0**	**5,594.2**	**8,913.5**	**10,870.3**	**14,450.0**	**19,558.7**
Taxes	686.2	1,005.3	1,467.8	1,911.2	2,717.6	3,612.5	4,889.7
Tax rate	28%	31%	26%	21%	25%	25%	25%
PAT*	**1,551.8**	**2,066.3**	**3,558.0**	**6,535.5**	**7,652.7**	**10,337.5**	**14,169.0**
PAT%	**2.5%**	**3.2%**	**4.3%**	**5.8%**	**5.6%**	**6.2%**	**6.9%**
EPS	**2.96**	**3.80**	**6.23**	**11.41**	**13.33**	**18.01**	**24.68**

Note: ^PBT is adjusted after JV/Associates and exceptional items
*PAT is adjusted after Minority interest

Source: Company, ACMIIL Retail Research

Risks and concerns:

- Downturns in the economy can lead to decreased demand for vehicles, which, in turn, affects the demand for automotive components.
- Disruptions in the supply chain, whether due to natural disasters, geopolitical tensions, or other factors, can impact the performance of company.

Mutual Fund Recommendation as on May 2024

Category	Mutual Fund Scheme	NAV	Rating	AUM (in Crores)	CAGR (in %)					Since Inception	LAUNCH DATE	Riskco Meter
					1 YEAR	2 YEAR	3 YEAR	5 YEAR	10 YEAR			
Equity: Large Cap	HDFC Top 100 Fund (G)	1026.92	****	31653	41.41	22.05	21.76	15.35	14.44	15.03	04-09-1996	Very High
	ICICI Pru Bluechip Fund Reg (G)	96.15	*****	49838	44.56	21.5	21.79	17.9	15.88	16.1	23-05-2008	
	Nippon India Large Cap Fund (G)	78.1945	*****	21454	47.06	24.7	24.98	17.13	16.11	17.06	08-08-2007	
	Kotak Bluechip Fund (G)	491.384	****	7447	34.37	16.16	16.59	15.95	14.09	14.95	29-12-1998	
	Tata Large Cap Fund Reg (G)	443.9407	***	1968	37.39	16.63	17.95	15.13	13.47	13.81	07-05-1998	
Equity: Mid Cap	HDFC Mid Cap Opportunities Fund (G)	156.827	****	59027	58.93	31.91	29.54	22.73	18.09	21.48	25-06-2007	Very High
	Quant MidCap Fund (G)	210.9906	****	4858	67.95	30.29	35.9	29.35	23.58	19.98	09-03-2001	
	Nippon India Growth Fund (G)	3262.9715	*****	24366	58.52	27.93	28.41	23.82	19.12	20.43	08-10-1995	
	DSP Mid cap Fund Reg (G)	116.28	***	16312	42.96	16.56	15.65	16.18	13.34	18.37	14-11-2006	
	ICICI Pru MidCap Fund (G)	240.38	**	5418	53.92	23.8	24.12	20	15.87	19.68	28-10-2004	
Equity: Small Cap	HDFC Small Cap Fund (G)	117.664	**	28599	49.23	29.12	31.42	21.38	19.95	20.59	03-04-2008	Very High
	Nippon India Small Cap Fund (G)	141.2388	*****	45894	57.48	29.97	34.52	28.48	22.54	26.65	16-09-2010	
	Quant Small Cap Fund (G)	229.8431	***	15664	69.09	33.22	41.08	34.88	24.7	19.96	24-11-1996	
	Franklin India Smaller Companies Fund (G)	147.3492	****	11823	54.7	29.7	30.46	21.76	16.46	21.17	13-01-2006	
	ICICI Pru Smallcap Fund Reg (G)	74.49	***	7455	43.36	22.13	27.2	24.49	17.31	18.11	18-10-2007	
Equity: Flexi Cap	Parag Parikh Flexi Cap Fund Reg (G)	69.3206	*****	55034	41.87	18.65	22.62	22.69	19.79	19.45	28-05-2013	Very High
	HDFC Flexi Cap Fund Reg (G)	1605.808	****	49657	45.18	26.45	26.71	18.7	16.81	17.08	01-01-1995	
	JM Flexi Cap Fund (G)	84.8294	***	1438	59.5	29.2	26.39	22.21	17.91	19.16	23-09-2008	
	Quant Flexi Cap Fund (G)	93.1745	*****	4155	60.56	26.8	33.19	28.78	22.19	23.4	15-10-2008	
	SBI Flexi Cap Fund Reg (G)	96.4628	-	20097	32.48	12.83	15.83	14.65	13.35	16.64	29-09-2005	
Equity: Focused	HDFC Focused 30 Fund (G)	185.131	****	9918	42.68	27.03	28.37	18.62	14.93	16.17	17-09-2004	Very High
	SBI Focused Equity Fund Reg (G)	292.6212	***	30736	35.2	12.33	16.49	15.79	15.78	17.37	11-10-2004	
	Aditya Birla SL Focused Fund Reg (G)	120.7019	***	7060	39.1	16.02	17.26	15.21	13.18	14.75	24-10-2005	
	Franklin India Focused Equity Fund (G)	94.257	****	10946	42.05	21.23	21.98	17.84	15.47	18.56	26-07-2007	
	Nippon India Focused Equity Fund (G)	101.9103	****	7780	34.45	15.46	17.32	16.54	14.04	18.53	26-12-2006	
Hybrid: Balanced Advantage	HDFC Balanced Advantage Fund (G)	451.473	*****	77011	40.78	25.93	24.52	17.55	15.11	16.47	01-02-1994	Very High
	Edelweiss Balanced Advantage Fund (G)	45.46	***	10623	26.66	13.53	13.33	14.04	12.44	12.63	20-08-2009	
	ICICI Pru Balanced Advantage Fund Reg (G)	64.44	****	54142	23.83	14.29	13.52	12.76	11.46	12.41	30-12-2006	
	DSP Dynamic Asset Allocation Reg (G)	23.528	***	3125	20.7	9.93	8.48	9.34	8.37	8.69	06-02-2014	
	Aditya Birla SL Balanced Advantage Fund (G)	90.93	****	7036	22.76	12.37	11.77	11.4	9.79	11.7	25-04-2000	
Equity: Index	ICICI Pru Nifty 50 Index Fund Reg (G)	221.7042	***	6759	31.68	14.36	16.21	14.63	14.14	13.37	26-02-2002	Very High
	HDFC Index Fund-NIFTY 50 Plan (G)	208.9662	***	12614	20.79	11.1	16.12	15.81	0	14.12	17-07-2002	
	UTI Nifty 50 Index Fund (G)	151.2189	****	15301	31.72	14.45	16.34	14.85	14.58	13.73	06-03-2000	
	Nippon India Index Fund Nifty 50 Plan (G)	37.4353	***	1349	31.38	14.01	15.7	14.02	13.73	12.91	28-09-2010	
	Bandhan Nifty 50 Index Fund Reg (G)	47.64	**	1165	31.42	14.22	16.05	14.74	14.47	13.66	30-04-2010	
Equity: ELSS	HDFC ELSS Tax saver Reg (G)	113.685	****	13820	47.64	26.14	26.33	17.04	14	15.46	31-03-1996	Very High
	DSP ELSS Tax Saver Fund Reg Fund (G)	1149.356	****	14147	42.48	19.15	20.41	18.39	15.67	18.05	18-01-2007	
	Mirae Asset ELSS Tax Saver Fund Reg (G)	40.826	*****	20950	37.12	16.23	17.6	18.32	17.32	0	28-12-2015	
	SBI Long Term Equity Fund Reg (G)	40.888	****	21203	60.81	30.92	27.39	20.71	16.67	16.99	31-03-1993	
	Quant ELSS Tax Saver Fund (G)	#N/A	*****	7238	58.06	24.59	31.3	30.06	23.95	25.11	01-04-2000	
Hybrid: Conservative	HDFC Hybrid Debt Fund (G)	74.1558	****	3093	17.53	11.42	11.36	10.09	8.73	10.05	26-12-2003	Moderately High
	ICICI Pru Regular Savings Fund (G)	66.8563	****	3397	15.12	9.52	9.46	9.43	9.08	10.42	30-03-2004	
	SBI Conservative Hybrid Fund Reg (G)	64.446	*****	9538	15.37	10.22	10.44	10.21	8.59	9.85	24-03-2001	
	UTI Conservative Hybrid Fund (G)	60.9214	***	1576	14.41	8.45	9.7	7.95	7.7	9.09	16-12-2003	
	Aditya Birla SL Regular Savings Fund Reg (G)	58.8577	****	1410	12.19	7.16	8.57	8.63	7.34	9.86	22-05-2004	

Mutual Fund Recommendation as on May 2024

	Kotak Equity Savings Fund Reg (G)	23.4682	****	4330	20.34	12.53	11.99	10.57	9.86	0	13-10-2014	
Hybrid: Equity Savings	ICICI Pru Equity Savings Fund (G)	20.26	****	8774	11.93	8.59	8.55	8.02	7.64	0	05-12-2014	Moderately High
	SBI Equity Savings Fund Reg (G)	21.1778	*****	3897	21.12	10.59	10.54	10.35	9.1	0	27-05-2015	
	HDFC Equity Savings Fund (G)	59.789	*****	3737	19.45	11.41	11.98	10.19	9.17	9.97	17-09-2004	
	Axis Liquid Fund (G)	383.1795	****	33841	7.29	6.47	5.43	5.22	5.77	6.48	09-10-2009	
	Aditya Birla SL Liquid Fund Reg (G)	2646.6046	*****	43962	7.22	6.42	5.39	5.22	5.76	6.48	29-03-2004	
	UTI Liquid Fund Reg (G)	2875.4709	***	26477	7.22	6.41	5.39	5.18	5.74	6.45	10-12-2003	Low to Moderate
Debt: Liquid	HSBC Liquid Fund (G)	2736.6485	*****	19885	7.22	6.42	5.38	5.15	5.72	6.43	01-06-2004	
	DSP Liquidity Fund (G)	2737.0933	****	16940	7.22	6.39	5.37	5.14	5.69	6.41	23-11-2005	
	DSP Equity Opp Fund Reg (G)	500.423	***	10917	44.36	21.71	19.98	17.52	14.9	17.36	16-05-2000	
	HDFC Large And Mid Cap Fund Reg (G)	287.737	****	16757	51.76	25.28	25.85	19.99	16.8	14.71	18-02-1994	
	ICICI Pru Large & Mid Cap Fund Reg (G)	829.53	*****	10854	47.88	25.39	26.86	20.6	16.12	16.34	09-07-1998	
Equity: Large & Mid Cap	UTI Large & Mid Cap Fund (G)	145.9516	***	2500	49.21	23.7	23.18	18.35	14.87	15.3	16-02-1993	Very High
	Quant Large and Mid Cap Fund (G)	111.2095	****	1689	63.53	27.15	29.86	24.55	18.29	22.59	12-12-2006	
	Quant Active Fund (G)	617.9979	-	8467	52.33	21.14	27.78	27.43	22.89	23.02	21-03-2001	
	Invesco India Multicap Fund (G)	108.62	-	3145	44.67	19.92	21.01	18.03	14.62	17.71	17-03-2008	
	ICICI Pru Multicap Fund Reg (G)	673.33	-	11180	49.98	24.42	23.78	17.89	15.12	17.07	01-10-1994	
Equity: Multi Cap	Nippon India Multi Cap Fund (G)	244.6441	-	26809	52.19	27.92	30.01	19.66	17.54	17.32	28-03-2005	Very High
	Baroda BNP Paribas Multi Cap Fund (G)	242.5556	-	2247	47.74	18.54	23.36	19.77	15.62	15.96	12-09-2003	
	ICICI Pru Multi Asset Fund (G)	635.2374	****	32831	34	21.09	24.49	18.83	15.62	16.02	31-10-2002	
	UTI Multi Asset Allocation Fund Reg (G)	64.4345	*****	1152	40.76	21.08	17.43	13.74	11.11	10.61	19-11-2008	
	Quant Multi Asset Fund (G)	121.6886	****	1456	45.41	23.17	31.12	27.02	20.06	16.5	21-03-2001	
Hybrid: Multi-Asset	SBI Multi Asset Allocation Fund Reg (G)	49.9739	***	3879	27.57	15.66	15.09	13.38	10.97	11.38	21-12-2005	Very High
	HDFC Multi Asset Fund (G)	61.275	***	2406	23.81	14.09	14.53	13.67	11.32	11.26	17-08-2005	
	HDFC Hybrid Equity Fund (G)	104.125	*****	22643	24.32	14.77	16.04	13.84	12.61	14.99	11-09-2000	
	ICICI Pru Equity & Debt Fund (G)	336.87	****	31196	42.68	22.11	25.99	20.16	16.74	17.67	03-11-1999	
Hybrid: Aggressive	Quant Absolute Fund (G)	395.2141	*****	1788	38.5	18.67	24.35	23.46	19.62	18.95	21-03-2001	
	Canara Robeco Equity Hybrid Fund Reg (G)	310.39	***	9809	28.91	13.28	14.11	14.34	13.24	14.81	01-02-1993	Very High
	Tata Hybrid Equity Fund Reg (G)	391.6261	***	3694	26	14.87	15.1	13.13	10.8	13.4	08-10-1995	
	Nippon India Gold Savings Fund (G)	26.2626	***	1603	11.32	12.81	12.96	14.65	11.1	7.19	07-03-2011	
	HDFC Gold Fund (G)	20.5	**	1682	11.51	12.81	12.96	14.79	11.43	7.32	01-11-2011	
Gold: Gold Funds	SBI Gold Fund Reg (G)	20.0483	***	1507	11.65	13.27	13.13	14.91	11.57	7.42	12-09-2011	
	Kotak Gold Fund (G)	26.4019	****	1590	11.42	12.62	12.72	14.8	11.61	7.3	25-03-2011	Very High

Mutual Fund investments are subject to market risks, read all scheme related documents carefully. Mutual Fund returns are market linked. Returns below 1 year are on absolute basis and above 1 year are on CAGR basis Growth Option. Crisil Rating is just for Information. Powered by ACE MF Based on scheme NAV as on 31st Mar, 2024 for Regular Plan- Growth Option

Technical View

NIFTY-DAILY CHART

Chart as on 03rd May 2024

- Nifty started the month of April on a positive note and registered a new lifetime high of 22,783.35. However, throughout the month, the index consolidated in a band of 21,780-22,800. At the start of the May series, the index registered a fresh lifetime high of 22,794.7 but witnessed profit booking and settled at 22,475 levels.
- From a technical standpoint, the index is consolidating within a rising channel pattern. On a daily scale, the index has formed a bearish engulfing candlestick pattern, and on a weekly scale, the index has formed a doji candle at the top, indicating weakness. If the Nifty goes below 22,340, the slide may continue to 22,100-22,000 levels in the near future.
- The last month's low of 21,778 will act as a key support for the index in the medium term. As long as the index holds above this level, the ongoing uptrend will continue. If the index sustains below 21,770, then weakness could extend, and in that case, 21,200-21,000 could be tested.
- The 34-Day Exponential Moving Average (DEMA) is currently positioned near 22,344, serving as a crucial support level for Nifty in the short term, followed by 22,000 and 21,775.
- The Relative Strength Index (RSI) on the daily scale is above the midpoint, indicating strength in the market. However, the index is on the verge of forming negative divergence, indicating distribution at higher levels.
- For the short term, 22,000 and 21,775 will act as support points, whereas 22,800 and 23,000 will act as resistance points.

BANKNIFTY- DAILY CHART

Chart as on 03rd May 2024

- Bank Nifty commenced the month of April with a bullish sentiment and remain strong throughout the month. However, index has witnessed profit booking in the start of May series settled at 48,924.
- Technically, on the daily scale, the index has formed a shooting star candlestick pattern near multiple trend line resistances as highlighted in the chart above. Moreover, the index has formed a shooting star candle on the weekly scale. Thus, 49,975-50,000 will act as a short-term hurdle for the index. If the index sustains below 48,300 levels, then it could retrace back to 47,500-47,000 levels.
- On the upside, trend line resistance is currently placed near 50,000 levels. Thus, 50,000 will act as strong resistance for the index in the short term.
- The 21-DEMA is placed near 48,270, which will act as first key support for the index followed 46,955 where the 100-DEMA is placed.
- The momentum indicator RSI on the daily scale is positioned above the center point, indicating strength. However, the index is on the verge of forming negative divergence, indicating distribution at higher levels.
- For the short term, 48,270 and 46,950 will act as support points, whereas 49,600 and 50,000 will act as resistance points.

COAL INDIA LIMITED (COALIND)

Chart as on 03rd May 2024

COALINDIA-DAILY CHART

- The stock on a daily scale has witnessed a breakout of inverted head and shoulder pattern with strong volume, as highlighted in the chart. As per this pattern, the stock can test 500-520 in medium term.
- However, the medium-term trend line resistance is located near the 490-500 levels. As a result, the stock may face short-term resistance near 490-500 levels.
- The 21-Days Exponential Moving Average (DEMA) is providing strong support for the stock, currently positioned near 449.
- The momentum indicator RSI on a daily scale is placed above the centre point, suggesting strength.
- Based on the above technical setup, we recommend buying COALINDIA in the range of 450-460 with a stop loss of 428 for a price target of 490-500 for the short term.

PPL PHARMA LIMITED (PPLPHARMA)

Chart as on 03rd May 2024

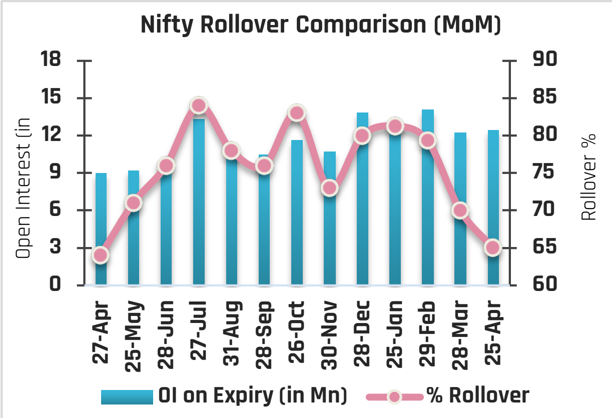
PPLPHARMA-DAILY CHART

- The stock has witnessed a breakout of a cup and handle pattern on a daily scale, accompanied by strong volume. This breakout suggests a target range of 170-180 in the medium term.
- The volumes observed during the breakout are higher than those seen during the consolidation phase, indicating strength in the breakout.
- The 21-DEMA (Daily exponential moving average) is currently placed near 140. Thus, any dip around 140 will offer good entry point in the stock in the short term.
- The momentum indicator Relative Strength Index (RSI) on a daily scale is positioned above the center point, suggesting strength.
- Based on the above technical setup, we recommend buying PPLPHARMA at the current market price and on dips near 140 with a stop loss of 135 on closing basis for a price target of 170-180 for medium term.

Derivatives Report

MAY SERIES VIEW

Benchmark indices were volatile in April, experiencing a roller coaster ride, with the Nifty reaching all-time highs, followed by a steep corrective phase in the first half due to geopolitical tensions between Iran and Israel. Finally, bulls returned to Dalal Street over the expiry week, and Nifty settled on a bullish note at 22570, up 243 points (EoE), showing a favourable bias for the near term. On the expiry day, the Nifty futures rollover stood at 65%, which is lower than the last three series average rollover of 77%. Foreign Institutional Investors (FIIs) will start the April series with a long rollover in stock futures. Nifty will begin the May series with an open interest of 1.24 vs 1.22 crore shares at the commencement of the April series indicating long position carry forward by investors. Market-wide rollovers stood at 91% as compared to the average rollovers of 92% in the last three series. Going forward, monthly auto sales data, Rupee movement against the Dollar, bond yields, Fiis flow, global cues, Fed interest rate, geopolitical tension, Q4FY24 earnings, and crude oil price movement will dictate the trend on the bourses next month.

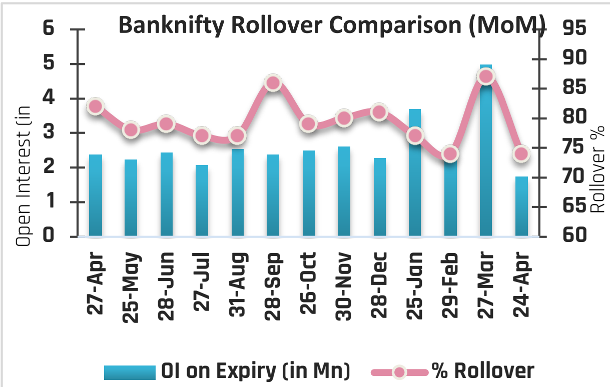


DERIVATIVES INDICATORS

The volatility index, India VIX, cooled off by 16.37% and closed at 10.73 vs. 12.83 levels (EoE) of the previous month, supportive for bulls. We expect volatility will remain continue due to geopolitical issue, corporate earnings and general election. Another leading derivatives indicator, Nifty PCR, opened on a higher note this month at 1.28 against last month's 1.18.

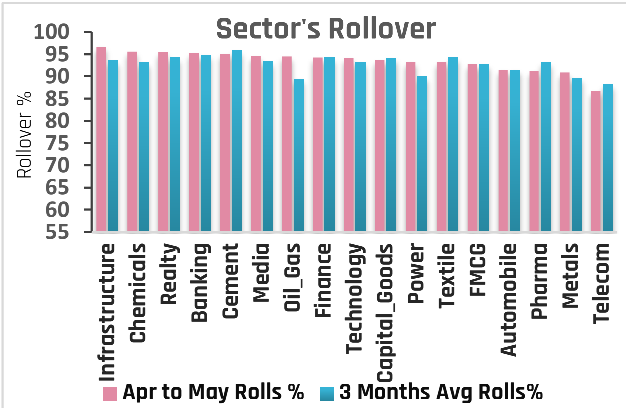
BANKNIFTY

The index saw low rolls of 74% (On Wednesday) as compared with the 3M average of 79%. BankNifty started the May series with low OI of 1.74 Mn shares as compared with OI of 4.98 Mn shares at the beginning of the April series indicating neutral bias for short term. As per technical, support for the index stands around 47790 and 47000 whereas resistance stands at 49000 and 50000 for the short term.



SECTOR/STOCK ROLLOVER ACTIVITY:

1. From the sectoral action, rollovers accelerated for **INFRASTRUCTURE, CHEMICALS, BANKING, REALTY, OIL&GAS, POWER, and MEDIA** sectors in May expiry. However, low rollovers were seen in **PHARMA, TELECOM, TEXTILE and CEMENT** sectors stocks on expiry day as compared to three month's average as highlighted in the chart.
2. Within the Nifty50 space, index heavy weights such as **ONGC, COALINDIA, POWERGRID, HINDALCO, and BPCL** saw aggressive rollover in the May series while low rolls were seen in **EICHERMOT, CIPLA, BHARTIARTL, M&M and SBIN** compared with the 3M average rollover.
3. From the midcap space**, SAIL, COROMANDEL, PIDILITIND, ALKEM, and OFSS** saw high rollovers whereas **IPCALAB, VOLTAS, HINDCOPPER, LALPATHLAB, and EXIDEIND** saw lower rollover compared with the 3M average.



Stocks to watch out based on Rollover Analysis:

POSITIVE	
POWERGRID	Rollover of 92% compared with 3 months average of 95%.
AXISBANK	Rollover of 93% compared with 3 months average of 97%.
ITC	Rollover of 87% compared with 3 months average of 89%.
NEGATIVE	
BERGEPAINT	Rollover of 96% compared with 3 months average of 97%.
M&MFIN	Rollover of 90% compared with 3 months average of 91%.

Retail Research Call Performance

MT Medium Risk Calls												
Calls Performance	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Dec-23**	**Jan-24**	**Feb-24**	**Mar-24**	**Apr-24**
Calls Activated	59	64	68	32	36	23	23	25	21	41	29	44
Successful	43	44	44	18	23	14	13	14	12	30	18	29
Unsuccessful	16	20	24	14	13	9	10	11	9	11	11	15
Succes Rate	73%	69%	65%	56%	64%	61%	57%	56%	57%	73%	62%	66%

MT High Risk Calls												
Calls Performance	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Dec-23**	**Jan-24**	**Feb-24**	**Mar-24**	**Apr-24**
Calls Activated	9	11	20	27	27	28	32	31	16	24	41	32
Successful	7	8	15	20	18	16	22	21	6	17	29	15
Unsuccessful	2	3	5	7	9	12	10	10	10	7	12	17
Success Rate	78%	73%	75%	74%	67%	57%	69%	68%	38%	71%	71%	47%

Positional Calls												
Calls Performance	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Dec-23**	**Jan-24**	**Feb-24**	**Mar-24**	**Apr-24**
Calls Activated	10	9	17	18	19	10	9	14	14	15	20	12
Successful	10	9	13	14	16	5	8	13	10	10	13	10
Unsuccessful	0	0	4	4	3	5	1	1	4	5	7	2
Success Rate	100%	100%	76%	78%	84%	50%	89%	93%	71%	67%	65%	83%

Investment Idea							
Date	**Company**	**Rec**	**Rec price**	**Close Rate**	**Target**	**Returns**	**Closed Date**
04-05-23	ABB	Accu	3630	5150	5040.00	41.87%	22-02-24
29-05-23	GRAVITA	Accu	585.00	732	732.00	25.13%	14-08-23
26-06-23	MINDACORP	Accu	282.50	383	383.00	35.58%	05-12-23
13-07-23	THERMAX	Accu	2312.50	2935	2935.00	26.92%	08-09-23
18-07-23	POLYCAB	Accu	3980.00	4895	4895.00	22.99%	17-08-23
07-08-23	RKFORGE	Accu	565.00	725	725.00	28.32%	31-08-23
29-08-23	ISGEC	Accu	700.00	950	950.00	35.71%	01-12-23
04-10-23	MCDOWELL-N	Accu	992.50	1198	1198.00	20.71%	10-04-24
17-10-23	DIXON	Accu	5425.00	6880	6870.00	26.82%	20-02-24
17-10-23	CAPLIPOINT	Accu	1090.00	1415	1415.00	29.82%	22-12-23
06-11-23	ADORWELD	Accu	1270.00	1613	1613.00	27.01%	16-11-23
05-12-23	TRITURBINE	Accu	435.00	558	558.00	28.28%	27-03-24
12-12-23	POWERMECH	Accu	4225.00	5512	5512.00	30.46%	07-02-24
09-02-24	THERMAX	Accu	3270.00	4096	4096.00	25.26%	26-03-24
21-03-24	SCHAEFFLER	Accu	2910.00	3696	3696.00	27.01%	30-04-24
01-06-23	TIMKEN	Accu	3290-3330		4300	Open	
15-09-23	TRIVENI	Accu	370-375		480	Open	
21-11-23	AHLUCONT	Accu	800-815		1490	Open	
24-11-23	ADORWELD	Accu	1500-1520		1806	Open	
01-01-24	AIAENG	Accu	3650-3690		4909	Open	
03-01-24	TCI	Accu	825-835		1080	Open	
24-01-24	APLAPOLLO	Accu	1495-1505		2077	Open	
29-01-24	AUTOAXLES	Accu	2120-2130		2906	Open	
23-02-24	ASTRAL	Accu	2080-2100		2627	Open	
05-03-24	ISGEC	Accu	920-930		1170	Open	
05-04-24	UNOMINDA	Accu	730-740		938	Open	
25-04-24	CAPLIPOINT	Accu	1320-1330		1675	Open	

Event Calendar May 2024

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
		1 • Fed Interest Rate Decision	2 • HSBC Manufacturing PMI Final APR	3 • Unemployment Rate APR	4 • KOTAKBANK • IDBI • M&MFIN • DMART • KANSAINER • BIRLACORPN	5
6 • HSBC Services PMI Final APR • LUPIN • CGPOWER • HAPPSTMNDS • GUJGASLTD • INDIANB • GODREJCP • FLUOROCHEM • MARICO • DCMSHRIRAM • GRINDWELL • ROUTE	7 • IRB • DRREDDY • JSWENERGY • JINDALSAW • GRAPHITE • CHAMBLFERT • PIDILITIND • VOLTAS • POLICYBZR • CENTURYTEX • SRF • JWL • DELTACORP • IGL • KAJARIACER • NAVINFLUOR • IDFC • UBL • KEC • MFSL • SONATSOFTW • CREDITACC • LATENTVIEW	8 • LT • TATAPOWER • CANBK • PEL • GSPL • HEROMOTOCO • TVSMOTOR • STLTECH • BHARATFORG • KPIL • BALAMINES • SKFINDIA • HOMEFIRST • GODREJAGRO • WESTLIFE • CGCL	9 • SBIN • BPCL • PNB • ASIANPAINT • HINDPETRO • IOB • ESCORTS • CAMS • INTELLECT • APLLTD • ORIENTELEC • RAIN • ALKYLAMINE • MGL • TIMKEN • QUESS • ABBOTINDIA • VTL • RELAXO	10 • Industrial Production YoY MAR • Manufacturing Production YoY MAR • TATAMOTORS • POLYCAB • BANKINDIA • UNIONBANK • PPLPHARMA • EICHERMOT • BANKBARODA • ABB • CIPLA • TATAMTRDVR • GESHIP • AARTIIND • FINPIPE • PSB • THERMAX • CHOLAHLDNG • KALYANKJIL • SAPPHIRE • LALPATHLAB • FINEORG • TCIEXP	11 • APLAPOLLO • CCL	12 • JKCEMENT
13 • Inflation Rate YoY APR • ABCAPITAL • UPL • VBL • MAPMYINDIA • SANOFI • CHALET • TIINDIA • CERA	14 • WPI Manufacturing YoY APR, • WPI Inflation YoY APR • BHARTIARTL • RADICO • APARINDS • SHREECEM • COLPAL • JUBLINGREA • SHYAMMETL • BASF • VMART	15 • Passenger Vehicles Sales YoY APR • PFC • RVNL • LICHSGFIN • TRIDENT • CLEAN • GRANULES • HONAUT • JYOTHYLAB	16 • BIOCON • CONCOR • HAL • CROMPTON • MSUMI • VGUARD • KIMS • AKZOINDIA • ENDURANCE	17 • NHPC • JSWSTEEL • GLAXO • POLYMED	18	19
20 • BEL	21 • GSFC • PIIND • AETHER	22 • US FOMC Minutes • JUBLFOOD • HEG • INDIGOPNTS	23 • PAGEIND • BIKAJI • ESABINDIA	24 • HINDALCO • JMFINANCIL • BOSCHLTD • UNITDSPR	25	26
27	28 • ARE&M • TTKPRESTIG • MEDPLUS	29 • CUMMINSIND • MOTHERSON • EMAMILTD	30 • APOLLOHOSP	31 • Government Budget Value MAR and GDP Growth Rate YoY Q1		

Result Updates

Economic & Other Event

ACMIIL Retail Research Products

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Asit C. Mehta
INVESTMENT INTERRMEDIATES LTD.

Retail Research desk
Devang Shah E: devang.shah@acm.co.in
Neeraj Sharma E: neeraj.sharma@acm.co.in
Hrishikesh Yedve E: hrishikesh.yedve@acm.co.in
Ruchi Jain E: ruchi.jain@acm.co.in
Kamlesh Jain E: kamlesh.jain@acm.co.in
Email: retailresearch@acm.co.in

Research Analyst Registration Number: INH000002483

CIN: U65990MH1993PLC075388

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