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A Pantomath Group Company

MARKET pulse

September 2024

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

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

Regards,
Research Team
ACMIIL

Contents

Overall Outlook

Indian Outlook:

The Indian market extended further on upside in the month of August. We have seen some volatility and near term correction at the beginning of August due to Geopolitical Tension & BOJ Monetary policy decision caused fear to investors to unwind their yen carry trade positions to avoid losses but eventually market found support at lower levels and made an all-time high of around 25323 levels so far on nifty.It's trading near upper end of our targets levels i.e. around 25500 levels on nifty as mentioned earlier. The Nifty & Sensex ended 1.1% & 0.8% positive for the month of August. NSE Midcap 100 and NSE Small cap 250 closing up 0.5% and 1.2% respectively for the month of August. FPI net sold equities worth ₹21368.51 crore, and DII net bought ₹48278.65 crore for the month of August.

On various Economic data front, The HSBC India Manufacturing PMI came around 57.5 in August from 58.1 in July. The Indian manufacturing sector continued to expand in August, although the pace of expansion moderated slightly. New export orders rise at weakest pace since start of 2024. GST collections rose 10% year-on-year to Rs 1.75 lakh crore in August. The annual CPI rate in India fell sharply to 3.54% in July from 5.08% in the earlier month, well below market expectations of 3.65%, to mark the softest rise in consumer prices since August 2019, although the sharp decline was largely owed to large base effects in food prices and the central bank does not expect price growth to remain this low for the rest of the year. The WPI for the month of July came around 2.04% better than estimate of 2.39%. It cooled in July on low food prices and primary articles. India's trade deficit widens for the month of July $23.5 billion, higher than the $20.98 billion deficit reported in the month of June. Exports fell to $33.98 billion during July, from $35.20 billion in June, while imports rose to $57.48 billion in July, from $56.18 billion in the previous month. SIP contributions reaching an all-time high of ₹23,331.75 crores in July against ₹21,262 crore in June which reflects the growing financial discipline among retail investors, helping them build wealth systematically over time. Such kind of strong inflow is long term positive for Indian equity markets. India's GDP growth grew at 6.7% for Q1FY25. Experts were anticipating moderate growth for this quarter, attributing their expectations to the general elections of 2024, a slump in urban consumption and sluggish rural growth. However, Economists expect growth to gain ground for the rest of the year, taking the full year average to 7% in FY25.

RBI Monetary Policy Committee (MPC) decided to keep its key interest rate and stance unchanged at 6.5% in the monetary Policy meet of August. The MPC, led by Governor Shaktikanta Das, will adhere to the 'withdrawal of accommodation' monetary policy stance and to focus on inflation and support price stability to ensure growth. The real GDP forecast & CPI Projection for FY25 was kept unchanged at 7.2% & 4.5% respectively. RBI Governor said during MPC announcements that domestic growth remains robust and is supported by steady urban consumption.

In the automotive sector, auto registrations saw a robust 13.84% YoY increase in July, reaching 20, 34,116 units, up from 17, 86,779 units in July 2023. This growth was driven by strong rural demand and attractive discount schemes. The Federation of Automobile Dealers Associations (FADA) remains optimistic about the upcoming festive season. The Marketers across Consumer Product segments (like Auto firms, Phone makers) are likely to roll out higher discounts and promotional offers this festival season. The recent developments regarding India's productivity-linked incentive (PLI) scheme highlight its significant benefits for the automotive sector. The government has approved 50 out of 74 applications for the scheme, providing 13-15% grants on the sales value of electric vehicles (EVs). This support helps offset the high manufacturing costs of EVs, making them more competitive with internal combustion engine vehicles. Automakers like Maruti Suzuki, Hyundai, and Toyota are set to launch over six new seven-seater SUVs in the coming year to meet rising demand for larger vehicles, driven by increased family travel and higher disposable incomes. With a nearly threefold surge in sales of such SUVs over the past three years, companies are expanding their portfolios to include both affordable and premium models. This shift reflects broader consumer preferences for spacious, feature-rich vehicles and longer loan tenure. Such favourable policy and demand environment continue to be positive for Auto & Auto ancillary sector for medium to long term perspectives.

Positive development for On Sugar Sector with a notification, issued by Ministry of Consumer Affairs on August 29, the government announced that ethanol can now be produced from all available feedstocks, including sugarcane juice, B-heavy, C-heavy molasses, and grains. Additionally, sugar mills and standalone distilleries are now permitted to procure up to 2.3 million tonnes of rice from the Food Corporation of India (FCI) for ethanol production. This move marked a reversal of policies imposed in December 2023,

Index	Spot	1M % Chg	% YTD
Sensex	82365.8	0.8%	14.0%
Nifty	25235.9	1.1%	16.1%
Nifty Bank	51351.0	-0.4%	6.5%
India VIX	13.4	1.1%	-8.8%
MIDCAP 100	59286.7	0.5%	27.6%
Nifty 500	23734.6	0.9%	21.9%
SMLCAP 250	18170.3	1.2%	28.6%

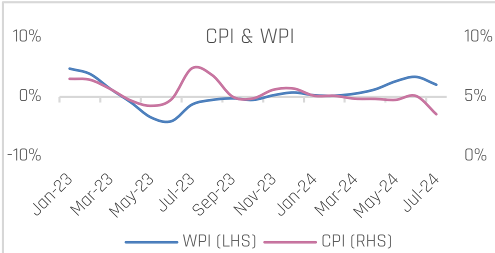
Source: in.investing.com, ACMIIL Retail Research

NSE Sector	Spot	1M % Chg	% YTD
IT	42787.8	4.7%	19.9%
Realty	1053.4	-3.7%	33.9%
Infra	9425.8	-0.8%	29.0%
Energy	43757.4	-0.7%	30.4%
FMCG	63059.8	1.6%	10.1%
MNC	30975.7	-1.1%	27.5%
Pharma	23217.6	6.6%	37.7%
PSE	11493.6	-1.6%	45.0%
PSU Bank	6985.8	-5.6%	21.3%
Auto	26172.8	-1.9%	40.8%
Metal	9405.3	-1.9%	17.6%
Media	2104.5	-2.1%	-13.4%
IT	42787.8	4.7%	19.9%

Source: in.investing.com, ACMIIL Retail Research

Indian Economic Data	Latest	Previous
HSBC MFG PMI	57.5	58.1
HSBC Service PMI	60.4	60.3
Trade Deficit (USD $ billion)	23.5	20.98
GST Collection (INR- Lakh-Cr)	1.75	1.82
CPI (%)	3.54	5.08

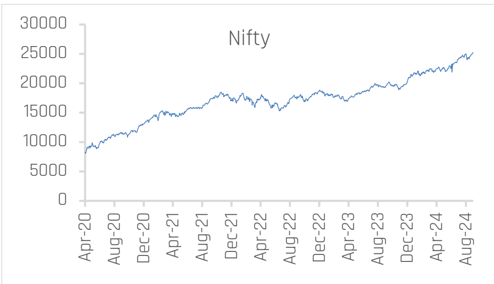
Source: Trading Economics, ACMIIL Retail Research



Source: Trading Economics, ACMIIL Retail Research

Commodity	Spot	1M % Chg	% YTD
Gold ($/OZ)	2527.6	1.9%	21.9%
Silver($/OZ)	29.1	0.7%	21.7%
Brent ($/Bbl)	78.8	-2.4%	3.8%
WTI ($/Bbl)	73.6	-5.6%	4.5%
Copper($/Lbs)	4.2	3.2%	8.5%

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



Source: in.investing.com, ACMIIL Retail Research which had restricted ethanol production from these routes due to rising sugar prices in the lead-up to the 2024 general election. The government's recent decision to lift restrictions on ethanol production from sugarcane juice and B-heavy molasses routes is likely to drive up ethanol prices before the new season begins. India's mining sector is facing a massive financial burden following a Supreme Court decision allowing states to collect royalty and tax on mineral-bearing land retrospectively from April 1, 2005. This ruling could result in arrears amounting to Rs 1.5 trillion, dealing a significant blow to both public- and private-sector mining companies. India, the world's third largest oil consuming and importing nation, in July bought $2.8 billion worth of crude oil from Russia, second only to China which remains the largest importer of Russian oil. Imports from Russia, which were less than one per cent of the total oil imported in pre-Ukraine war period, now make up for almost 40% of India's total oil purchases.

The Indian government is selectively approving Chinese investments, contingent on conditions such as limiting Chinese stakes and ensuring no Chinese nationals occupy key executive roles. This is part of a broader effort to develop a local manufacturing supply chain while managing geopolitical sensitivities. The collaboration will enhance capacity and capability, aligning with the broader electronics industry trend of increasing local production and reducing dependence on imports. It also underscores the importance of foreign expertise and investment in advancing India's electronics manufacturing sector. Erratic distribution of monsoons this year is emerging as a worry for major kharif crops such as rice, pulses, and horticulture crops. The skewed distribution of rainfall and prolonged monsoon can cause damage to already-sown crops, especially pulses where inflation has been ruling higher than comfortable levels. The weather office has predicted above normal rainfall in the second half of the monsoon season, raising fresh concerns that excessive wetness next month could affect kharif crops. India's steel demand is expected to climb 8% in 2024 and 2025 driven by continued growth in infrastructure development. "India has emerged as the strongest driver of steel demand growth since 2021. 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. As mentioned earlier, The Nifty has achieved our medium term targets of 24500-25500 levels near recent high. We are closely monitoring market for taking further clue at these levels, Sustain above 25500 levels on nifty will give further confirmation of extension of rally from here on for higher levels targets in medium term. We would recommend to BUY stock specific at current levels or any kind of decline or consolidation for medium to long term Investment perspectives.

Index	Spot	1M % Chg	% YTD
Dow Jones	41563.1	1.8%	10.2%
S&P 500	5648.4	2.3%	19.1%
Nasdaq	17713.6	0.6%	20.0%
CAC 40	7631.0	1.3%	1.3%
DAX	18906.9	2.2%	12.7%
FTSE 100	8376.6	1.1%	8.5%
Nikkei 225	38647.8	-1.2%	16.1%
Hang Seng	17989.1	3.7%	7.2%
Shanghai	2842.2	-3.3%	-4.1%

Source: Yahoo Finance, ACMIIL Retail Research

US Economic Data	Latest	Previous
S&P MFG PMI	47.9	49.6
S&P Servie PMI	55	55.3
CPI (%)	2.9	3
Produce Price Index (%)	0.1	0.2
Non- Farm Payroll data	114000	179000

Source: Trading Economics, ACMIIL Retail Research

Bonds	Latest	Previous
India 10Y	6.863	6.924
India 2Y	6.745	6.817
U.S. 10Y	3.909	4.033
U.S. 2Y	3.919	4.26

Source: in.investing.com, ACMIIL Retail Research

Global Outlook:

US market remains positive for the month of August. Indices particularly Dow jones, S&P 500 and Nasdaq composite ended monthly closing with a gain of around 1.8%, 2.3%, and 0.6% respectively. The Dow Jones & S&P 500 so far trading at all time high levels while Nasdaq composite marginally below all-time high levels.

The ISM manufacturing data PMI came around 47.2 for the month of August missing market expectations of 47.5. The weak momentum in US economy underscoring the impact of elevated interest rate by the Federal Reserve in the sector.The US economy added 114000 jobs in July, well below a forecasts of 175000. Weaker-than-expected jobs report that raised concerns about a slowing economy. While the unemployment rate unexpectedly rose to 4.3%, the highest since October 2021. The CPI in the US slowed to 2.9% in July compared to 3% in June. The retail sales in the US soared 1% month over month in July, following downwardly revised 0.2% drop in June and better than forecast of 0.3% gain, providing evidence that consumer spending remains strong. It eased investors' concern about a potential recession in the US. In Jackson Hole Economic Symposium, Federal Reserve Chairman Jerome Powell's remarks suggest that the Federal Reserve is poised to lower interest rates in September. The anticipated rate cut is driven by a cooling labour market and signs that inflation is approaching the Fed's 2% target, signalling a shift towards less restrictive monetary policy to support economic conditions. Markets currently see around a 70% chance of a 25 basis point rate cut in September and a 30% of a 50 bps cut. Many Analyst are predicting total 100 bps rate cut by end of CY2024. US economy grew at an annual rate of 3% in second quarter of CY2024 as per Second estimate, up from 2.8% in the initial estimate and 1.4% in the first quarter. The upward revision was mainly due to increased consumer spending. The US personal consumption expenditure (PCE) price index increased by 0.2% month-over-month in July 2024, up from 0.1% in June and in line with expectations. Personal spending in the United States increased 0.5% from the previous month in July 2024, in line with market expectations, and following a 0.3% rise in the previous month. This implies that consumer spending maintained most of the momentum from the second quarter. US personal income rose by 0.3% in August, up from a 0.2% increase in the previous month and above market forecasts of a 0.2% rise.

China reported second- Quarter GDP growth of 4.7% missing expectations of a 5.1% growth. It's slower than the 5.3% GDP increase in the first quarter. China's economy grew much slower than expected in the second quarter as a protracted property downturn and job insecurity knocked the wind out of a fragile recovery, keeping alive expectations Beijing will need to unleash even more stimulus. Chinese manufacturing PMI data & service PMI data both contracted for a fourth consecutive month in August, it's also indicating the world's second-largest economy's struggle to recover. The BOJ (Bank of japan) raised its policy rate to 0.25% in the month of July and signalled willingness to hike rates further if the economy remains strong. Markets are betting on two more rate increases this fiscal year that ends March 2025, with the next hike seen in December, although eventually BOJ Deputy Governor Shinichi Uchida said the central bank won't raise interest rates when the market is unstable. The Bank of England lowered its Bank Rate by 25bps to 5% in its August meeting, down from a 16-year peak of 5.25% aligning with expectations of the market, but noted that it will move cautiously in loosening monetary policy further until officials are more certain that inflation will remain subdued..

Brent crude oil prices declined for the month of August. Its decline for second consecutive month. It's trading around $74 per barrel i.e. near lower end of range. Weak US PMI data and also weak China manufacturing & service PMI data for the month of August put pressure on crude oil prices. OPEC cut its demand growth forecast for crude in 2024 due to concern of the world's largest consumer may not rebound this year. OPEC Countries said world oil demand will rise by 2.11 million barrels per day in CY2024, down from growth of 2.25 million bpd expected last month. CY2025 demand growth estimate to 1.78 million bpd from 1.85 million bpd previously anticipated. OPEC recently announced plans to increase production, with eight OPEC+ members seen raising output by 180,000 bpd in the fourth quarter. Selling pressure in last two months, weighed down by growing expectations of higher supply. The ongoing Geopolitical tension between Russia- Ukraine and Middle East continues to give support crude oil prices at lower levels. The Crude oil continue to trade in range with ongoing geopolitical tensions and fears of an economic slowdown.

Government's push towards infrastructure development and solid economic growth will support consumption in the luxury segment, aided by the generational shift. Rising private sector investment, undergirded by an evident revival in both rural and urban demand, is expected to boost the pace of India's economic expansion, underscoring the crucial role domestic consumption plays in ensuring predictability for the country's growth story. There are some lead indications already of new capacity creation in a few industries and a pick-up in investment intentions according RBI economists.

As per Finance ministry economic Report Review for the month of July, the Indian economy has maintained its momentum in the first four months of FY25. Economic momentum remains strong, driven by robust manufacturing and services sectors. Positive monsoon effects are anticipated to reduce food inflation, and strong fiscal discipline and revenue collection are expected to improve the fiscal deficit. Overall, the projected GDP growth of 6.5%-7% for FY25 reflects a favourable economic outlook despite some ongoing uncertainties. Moody's Ratings revised upwards India's economic growth projections for 2024 to 7.2% from 6.8% on signs of a revival in rural demand on the back of improving prospects for agricultural output amid above-normal rainfall. It also expects 6.6% growth in 2025 versus the earlier estimate of 6.4%. Fitch Ratings retained its sovereign rating for India at the lowest investment grade of 'BBB-' with a stable outlook, citing the country's strong growth prospects. World Bank also revised its FY25 growth forecast for India to 7%, up from its previous estimate of 6.6%, led by a recovery in agricultural sector, private consumption and rural demand.

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 rate & Food Inflation are potential Risk for global economic growth. Stock selection is key at these levels of market. We would advised to have a disciplined approach while investing at these crucial levels of market. The structure Bull Market for Indian Equity remains intact supported with strong domestic fundamentals, government policies and Reforms. 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.

Accumulate

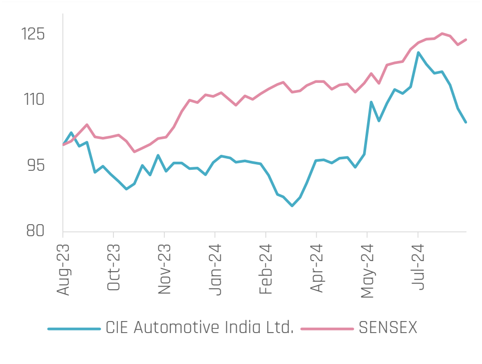
Key Data	
DATE	22-08-2024
Reco Price	555-565
Target	698
Sector	Auto Ancillary
BSE Code	532756
NSE Code	CIEINDIA
Face Value (Rs.)	10.00
Market Cap (Mn)	2,12,443
52-week High/Low (Rs)	622.40/406.80

Source : NSE, BSE

Shareholding pattern (June-2024)	%
Promoters	65.7
DIIs	19.45
FIIs	5.03
Government	0.04
Public	9.78
Total	100.00

Source : NSE, BSE

Price Performance



CIE Automotive India Limited

Company Background

CIE Automotive India Ltd. (CIEINDIA) was incorporated in the year 1999, is a subsidiary of CIE Automotive group originated from Spain, which has its presence across the globe, in Germany, Lithuania, and Italy in the European continent as well as a plant in Mexico and North America. It is a global full-service supplier for automotive components and sub-assemblies. It has an established presence in each of these locations and supplies to automotive Original Equipment Manufacturers (OEMs) and their Tier 1 suppliers. Currently it is engaged in the business of manufacturing and supply of forged components for light vehicles, two and three wheelers, medium and heavy commercial vehicles and tractors. It is a multi-technology automotive supplier company primarily in crankshafts and Stub Axles, Aluminium, Ductile Iron Castings, Stampings and Stamped Assemblies, Thermostat Composite, Gears and Shafts. It has its manufacturing and engineering facilities present all over India, like Pune, Coimbatore, Aurangabad, Haridwar, Nashik, Rajkot, Pant Nagar Bangalore, Rudrapur, Mangaon and Zaheerabad.

Outlook and Valuation

CIEINDIA is a large, diversified auto-components group with a presence across many processes, product lines, geographies, and customers. The company's unique combination of specialization in high value-added products, usually delivered directly to OEMs, and presence across multiple production technologies also differentiates it from other component suppliers.

We remain confident in the company's growth story, driven by a healthy order book, diversification, capacity expansion, government support and a focus on building the EV portfolio. **We expect revenue to grow at a CAGR of 6.2% for CY23-CY26E, with a target price of Rs 698 based on CY26E EPS of Rs 30.1 along with a forward PE multiple of 23.2. Therefore, we recommend an ACCUMULATE rating for the long term.**

Financial Snapshot (Consolidated)

Particulars (Rs. in Mn.)	CY23	CY24E	CY25E	CY26E	CAGR % (CY23 - CY26E)
Revenue	92,803.5	97,541.4	1,03,986.9	1,11,163.0	6.2%
EBITDA	14,238.9	15,411.5	16,637.7	18,008.4	8.1%
EBITDA %	15.3%	15.8%	16.0%	16.2%	
Adjusted PAT	7,976.3	9,328.6	10,336.3	11,412.7	12.7%
Adjusted EPS (Rs.)	21.0	24.6	27.3	30.1	

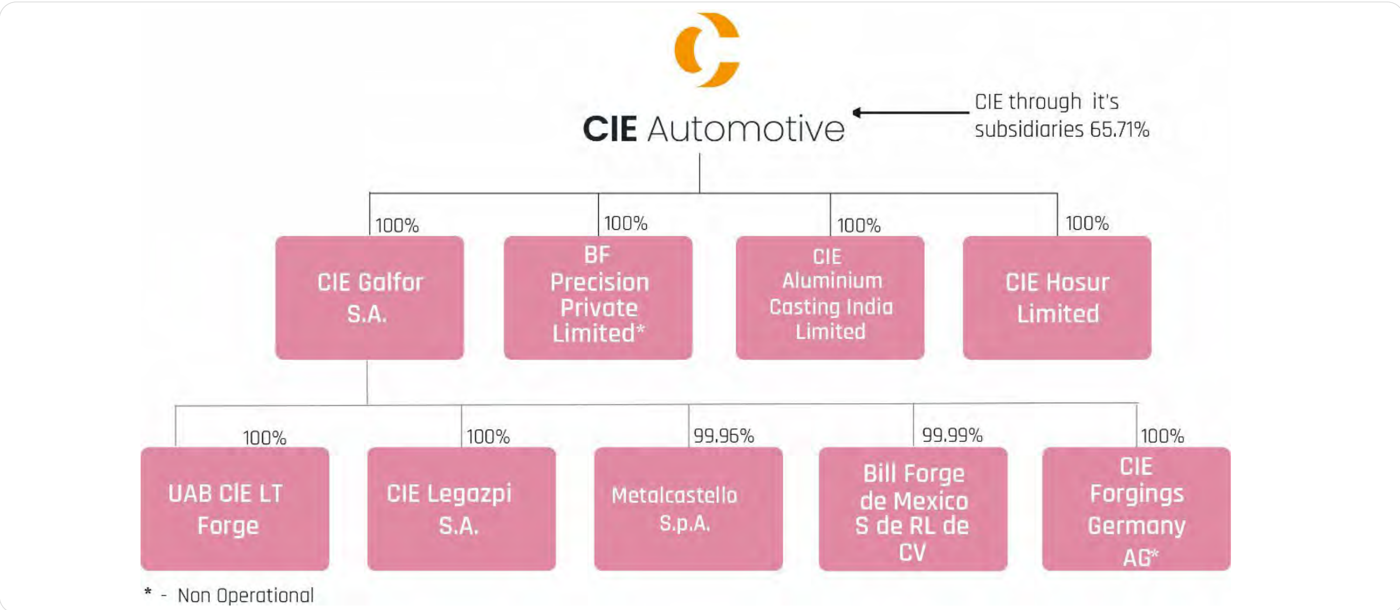
Source: Company, ACMIIL Retail Research

Company at glance

- A subsidiary of Spain's CIE Automotive Group, strategically operates near automotive hubs to optimize supply chain efficiency.
- Manufactures a diverse array of automotive components including forgings, castings, stampings, and more.
- Positioned for growth with expected increases across the automotive market, driven by demand and government support for electric vehicles.
- As a Tier 2 automotive supplier, the company outpaces industry growth rates, indicating strong potential for continued success.
- Embracing innovative technologies such as cloud infrastructure, robotic process automation (RPA), and advancements in Industry 4.0 enhances its operational efficiency.

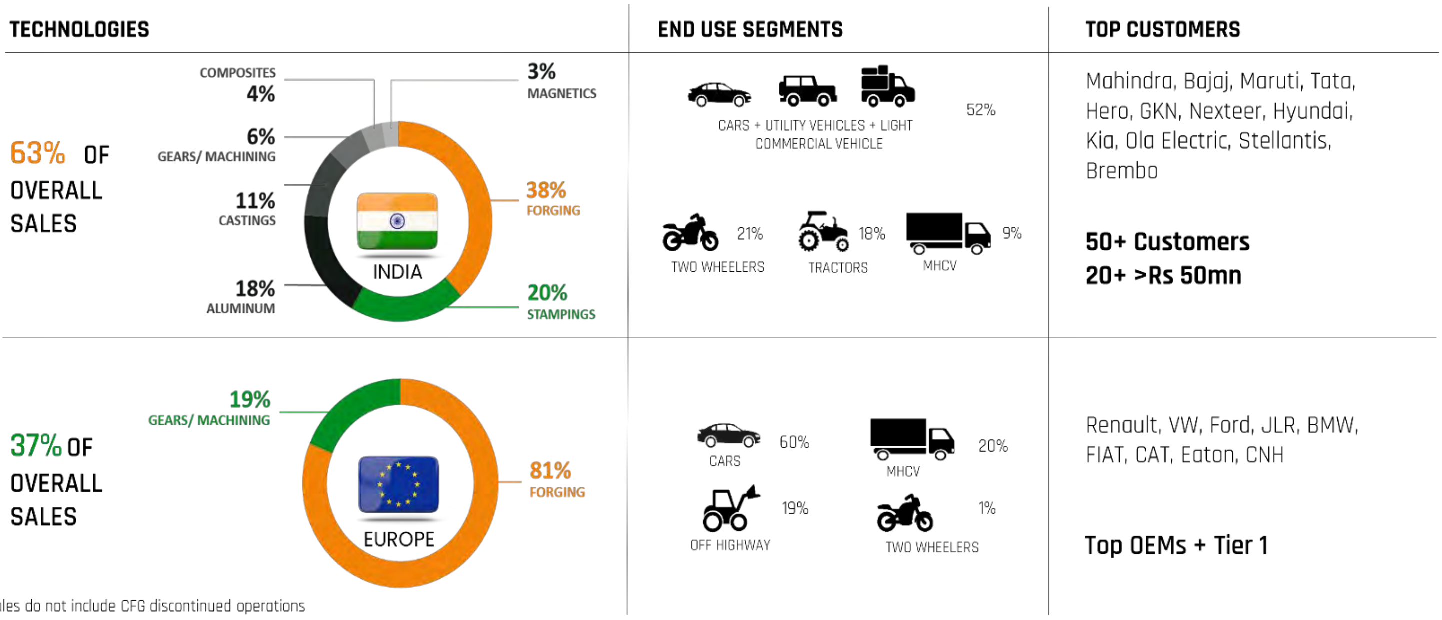
Company overview

CIE Automotive India Ltd. is a process company and key player in the individual business areas in which they operates. In India, it is amongst the top crankshaft manufacturers, one of the more profitable gear manufacturers, the top supplier of sheet metal stampings, the top magnetics maker for automotive purposes, key player in composites. In Europe, the company is one the top forged crankshaft makers and a top supplier of gears and shafts to the off highway and construction industry as well. Process reengineering, automation and digitization with a view to improve operations and match its global standards of manufacturing excellence, are being implemented. Developing parts with greater value addition remains an important part of operational strategy which will help improve margins.



Source: Company, ACMIIL Retail Research

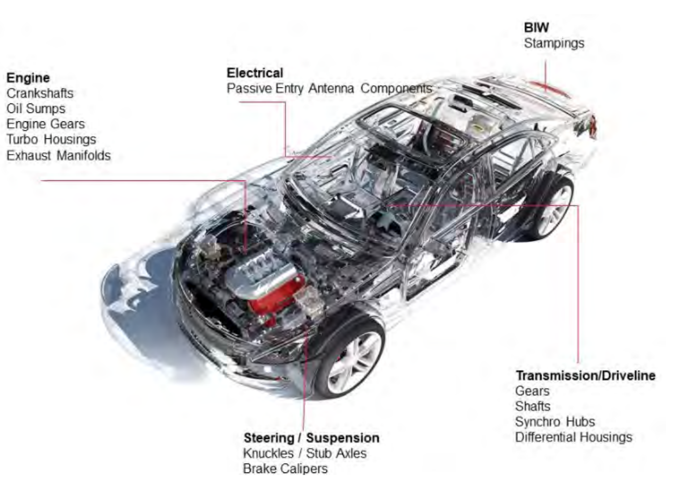
Technologies, segments and key clients



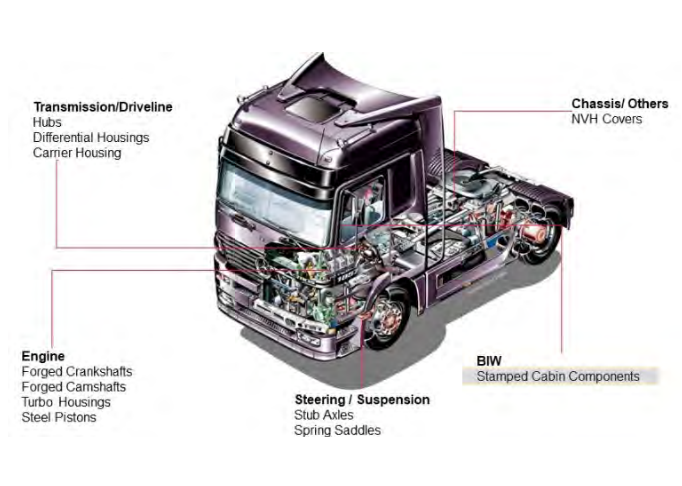
Source: Company, ACMIIL Retail Research

Diversified presence across all the segments

Car & Utility Vehicles



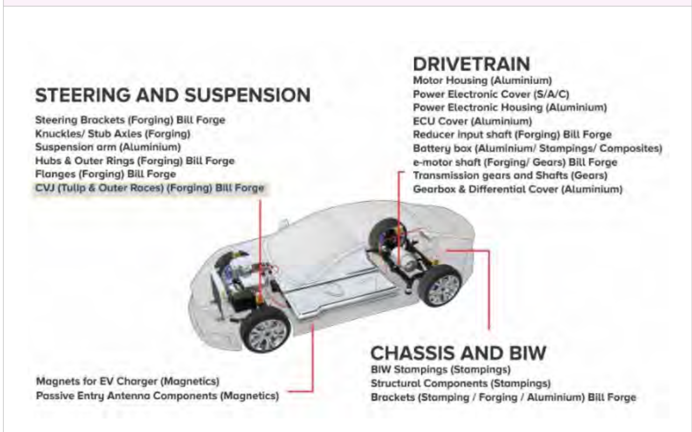
Medium & heavy Vehicles



Agriculture/Offroad Vehicles

Two Wheelers

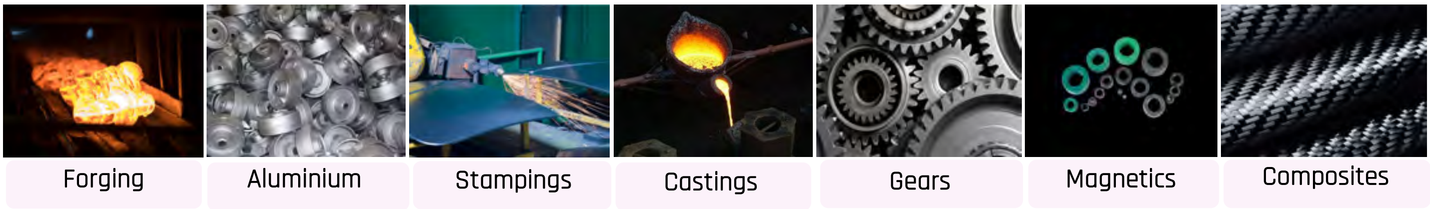
Electric Four Wheelers



Electric Two Wheelers

Source: Company, ACMIIL Retail Research

Product Portfolio



Source: Company, ACMIIL Retail Research

Source: Company, ACMIIL Retail Research

Segments	Details
Forging	The company holds 60% market share in the Automotive Industry in Crankshafts and Steering Knuckles. It also caters to Automotive, Agriculture, Railway, Mining, Industrials, Construction etc. Key products include crankshafts, knuckles, Spindles, steering shafts and CV joints.
Aluminium Castings	One of Largest Aluminium Foundry in India with presence in HPDC & GDC via 3 Locations where HDPC machines ranging from 250T – 1650T and GDC machines with Robots, Auto pourers and Sand Core making machine.
Stampings	One stop solution for End-to-End sheet metal component manufacturing for stampings. It focuses on Engineering & Technology to enhance Press Line Automation, Robotic Welding and Assembly Automation.
Gears/Machining	Machining/Gear plants are fully equipped to make several special types of Gears, Shafts and Machine components. The company supplies Gearsets for transmitting application like Shaping, Polishing, Burnishing, ECM, Laser welding.
Casting	The company is India's leading Producers of Ductile Iron Castings specialised in different types of Axle Transmission & Engine components with Four Green sand high pressure horizontal moulding lines at one location.
Composites	Leading manufacturer in India for Composite Materials Composite Battery & Electric Boxes for Electric cars and Electrical Switch gear segment with 30+ years of experience
Magnetics	India's largest Magnet producer with 50 + years of experience in magnetic component manufacturing and World Class Manufacturing Facility with Best-in-class Machinery from all over the world. It produces an Expansive range of Hard and Soft Ferrite magnets for Automotive application

Source: Company, ACMIIL Retail Research

Investment Rationale

Driving geographical expansion through Innovation

CIE Automotive India, a key division of a leading global automotive component supplier, enjoys a diversified presence across multiple geographies with expertise in product segments like forgings, castings, and stampings. This diversity provides the division with robust operational and technological support, enhancing its supply chain and manufacturing capabilities. The company is poised to continue benefiting from the strong technological expertise and established relationships with global Original Equipment Manufacturers (OEMs), positioning it for sustained growth and innovation in the automotive sector.

Strategic Diversification and Divestiture Enhance Stability and Growth Opportunities

The company's engagement in diverse business segments helps mitigate risks associated with market fluctuations in any single area, providing stable revenue streams and opportunities for growth and innovation. Geographical diversification, with 63% of its revenues coming from India and 37% from Europe in CY2023, reduces dependence on any single market and positions CIE to leverage regional growth opportunities and adapt to regulatory changes. It is beneficial to mitigate risk for company against regional economic downturns. Furthermore, catering to a wide range of sectors within the automotive industry and various reputable OEMs enhances CIE's market presence, while minimizing the impact of any single client's performance on the company's overall financial health. Additionally, the strategic divestiture of its German forging business (CFG) in CY2023 for EUR 25 million, after adjusting for debt and other liabilities, provided a financial uplift and allowed for the reallocation of resources towards more profitable or core business areas, potentially enhancing operational efficiency and profitability. These combined factors contribute robustly to CIE's financial health, enabling sustained growth and resilience in the competitive global automotive components market.

Strong Order Book Positions Company for Growth in the EV Market

The company has an order book of around Rs 1000 Cr in India, with Rs 300 Cr in the EV segment for next year. This order book is distributed across various sectors, including shafts in forgings, aluminium components, and significant orders in the composite sector for three-wheeler EVs. With these orders ramping up, the company is well-positioned in India to seize emerging opportunities. EVs are becoming mainstream in both Europe and India, with rapid market penetration in Europe and a significant rise in India, especially for two and three-wheelers. The robust order book includes aluminium and steel forgings, gears, stampings, and composite parts for electric two-wheelers (e2W), three-wheelers (e3W), and four-wheelers (e4W), in collaboration with major European and Indian OEMs. Nearly 40% of the European order book is dedicated to electric vehicles. As the EV supplier ecosystem is still developing, EV OEMs are seeking partners with quality and reliability, opening new business opportunities for the company. The company is well-prepared to leverage its expertise and establish a strong presence in the evolving EV market.

CIE Invests in Expansion and Advanced Technologies Across Divisions

The company is actively expanding its operations across various divisions, reflecting a significant commitment to capital expenditure aimed at enhancing production capacity and incorporating higher-value technologies. In the composite business, a new plant is being constructed, complete with new sheds and machinery. The Stampings division is undergoing substantial enhancement with the addition of a new press line, expected to be operational by July 2024, significantly boosting output in H2CY24. The Forgings plant is expanding to include a new crankshaft machine line, representing additional investment into the company's core manufacturing capabilities. Strategic developments in the Gears division include the finalization of a new office building, providing additional space at the production plant and supporting ongoing growth. Plans are also in place to expand capacity, focusing on higher-value technologies such as Gear branding. A new unit is being added at the Gears plant in Pune to cater to EV parts, while the Rajkot Gears plant was also expanded. Bill Forge installed a new forging and machining line in Bengaluru to cater to EV transmission parts. CIE Hosur commissioned a new fuel rail line, the first introduction of this technology in India. The crankshaft machining capacity at the Forgings plant in Chakan, Pune, was augmented, and an additional 4000T press is being installed to enhance forgings capacity. Two compression molding presses were added to the Composites unit in Pune to increase capacity for making components from the produced compounds. The new plant built by the Aluminum vertical in Aurangabad was completed last year, catering to 4W EV parts, among others. The Stampings plant at Kanhe continued adding more robotic welding capabilities to increase value addition. There were also incremental growth capex investments at the Magnetics, Foundry, and Mexico plants. These developments underscore the company's strategic use of capital expenditure to sustain growth and enhance operational efficiency in its production facilities.

CIE's Path in the Evolving Electric Vehicle Industry: Embracing Sustainability, Precision, and Innovation

As climate change increasingly commands attention, the surge in electric vehicles (EVs) is becoming evident. However, the pace of this transition varies widely across regions and market segments. To navigate this evolving landscape, companies are crafting comprehensive strategies tailored to the EV market. As the spotlight intensifies on carbon footprints, there's a growing imperative for localization. Near-shoring initiatives are also gaining prominence as they mitigate supply chain bottlenecks. Developed nations, driven by stringent CO2 reduction targets, are witnessing the migration of polluting processes such as steel and aluminum castings to emerging markets. Two pivotal themes in the industry are light weighting and safety. Light weighting efforts are steering towards materials like aluminum forgings, castings, and composites - all focal points for CIE. The company's trends align precisely with the evolving industry demands for EVs, light weighting, and enhanced safety standards, ensuring superior precision, tighter tolerances, and top-quality components.

Likely to outperform in domestic market

The company's revenues comprises more than 50% plus revenue from India and has been diversifying its India revenue and rationalizing costs. The management is committed to achieving 5-10% higher growth than weighted average growth for the industry. It aims to gradually improve EBITDA margin aligning with the performance of its parent company. The company has anchor customers which comprises 50%-55% revenue i.e, Mahindra, Bajaj and Maruti and remaining includes Tata Motors, Ashok Leyland, Hyundai, Kia, Bosch etc. The collaboration between the European and American CIE teams, along with the local teams, is also improving. Overall, the integration of the Indian business into CIE is complete, and growth in the near future will be driven from Indian and Mexico operation.

India's Automotive Export Boom: Indirect Benefits for OEMs like CIE Automotive

In recent years, India has emerged as a pivotal export hub for global auto companies, buoyed by a burgeoning network of quality suppliers and competitive manufacturing costs. Honda's initiative to export cars to Japan, alongside Suzuki's forthcoming plans, underscores this trend. Despite Japan's longstanding dominance in global vehicle exports, India's ability to meet its stringent quality standards is becoming increasingly evident. Notably, Honda's exclusive production of the Elevate SUV for the Japanese market and Jeep's manufacturing of the Meridian in India for export to Japan highlight the country's manufacturing prowess. Moreover, Maruti Suzuki's upcoming venture into electric vehicle production and its plans to export to Japan and Europe signal further opportunities. While Toyota currently focuses on exporting high-end components rather than vehicles, its involvement underscores India's role in the global automotive supply chain. Overall, India's position as a manufacturing powerhouse is solidifying, with its safety and emissions regulations aligning with global standards, paving the way for increased exports and international sales. Such kind of strategic move where Indian automakers will be exporting globally which provides indirect benefits to OEM companies like CIE Automotive.

Strategic Government Policies Opening up significant Local and Global Opportunities for Auto component player's future growth

The government's emphasis on ramping up domestic manufacturing, through the AtmaNirbhar and Make in India policies, directly links to opportunities for auto component players like CIE Automotive. The stronger manufacturing sector aligns with the global company's plans to set up a factory in India to serve the strong demand of OEMs. CIE Automotive stands to benefit from supportive policies that encourage local production. Moreover, the further focus on integrating globally and reducing dependence on China presents CIE Automotive with a strategic opportunity to become a key supplier to domestic and international markets, leveraging India's growth and manufacturing potential both directly & Indirectly into the global supply chain as per government ambition.

Industry Overview

The Indian automobile 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. The EV (Electric Vehicle) market in India is forecasted to expand from $5.61 billion in 2023 to $37.7 billion by 2028. The Indian automotive sector stands as the fourth-largest producer globally, boasting an annual output exceeding 4 million motor vehicles. This dynamic industry serves as a vital role in the nation's economy, characterized by significant technological and manufacturing advancements. Witnessing substantial expansion, it has emerged as a focal point for both domestic consumption and international trade. Within the Indian automotive market, distinct segments exhibit varied performance. The tractor segment has maintained stability, albeit on a higher baseline. Notably, the truck segment has experienced robust growth, particularly in the latter half, driven by substantial infrastructure investments and overall economic vitality. On the demand side, a positive trajectory persists as the market gradually reopens, with anticipated growth across all segments according to various industry estimates.

The Indian metal casting industry is poised to achieve a market value of US$ 17 billion by 2028, reflecting a robust CAGR of 6.7% during the period spanning 2023 to 2028. Similarly, the Indian metal forging market is forecasted to attain US$ 8.0 billion by 2029, indicating a significant CAGR of 10.69% from 2023 to 2029. With an installed capacity of approximately 38.5 lakh metric tons, the Indian forging industry possesses the capability to work with a diverse range of raw materials, including carbon steel, alloy steel, stainless steel, superalloys, titanium, aluminum, among others, tailored to the specifications of various user industries. Geographically, the Indian forging industry is concentrated around the locations of its end-user customers, leading to the establishment of major forging clusters in states such as Maharashtra, Punjab, Gujarat, Tamil Nadu, Haryana, Delhi, Karnataka, Jharkhand, West Bengal, and Andhra Pradesh.

The Forging & Casting industry is crucial to the government's 'Make in India' initiative, supplying essential components to various sectors. To boost manufacturing volumes and global reach, capacity expansion is essential. This industry is well-positioned to benefit from the automotive sector's growth. Significant expansion, both organically and through acquisitions, has driven the industry's progress. Recognizing the vast opportunities, leading domestic companies are developing world-class capabilities by launching new projects and revitalizing underperforming global facilities, making India an attractive location for foreign enterprises.

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.

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 company'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 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 its 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 and 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.

Light vehicles

Light vehicles have witnessed a notable surge in production, marking one of the most prosperous in the past five years, with a remarkable 22% growth rate. The boom in e-commerce and the adoption of digital logistics solutions significantly drive the demand for light commercial vehicles (LCVs) for efficient goods delivery and supply chain management. Rapid urbanization and improved infrastructure facilitate the movement of goods within cities, boosting the need for LCVs in last-mile delivery and intra-city transport.

Improvement in MHCV sales to drive higher demand

Domestic CV sales are rebounding, reflecting improving macro factors and increased economic activity. Higher cargo movement, driven by economic recovery, and fleet operators' replacement demand (scrappage policy) are anticipated to boost CV sales in the coming years. A government task force outlined Rs. 111 lakh crore capital investment plan for infrastructure under the National Infrastructure Pipeline (NIP) through FY25E, with a focus on energy, roads, urban development, and railways. The Prime Minister's Gati Shakti Infrastructure Plan which has built with an aim to create an integrated framework for nationwide infrastructure development, enhancing the utilization of investments from both the government and private players. Further, the anticipated rise in demand for MHCV is driven by the dual forces of infrastructure development, including improved road networks and major connectivity projects, and the expanding logistics sector, fueled by e-commerce growth and supply chain optimization.

Significant Growth Opportunity in Electric 3-Wheelers

The 3-wheeler segment, led by electric goods carriers, is the fastest-growing in the automotive industry. Their lower purchase price, low running costs, and suitable payload capacities make them ideal for last-mile delivery. The widespread use of three-wheelers for short-distance public transport and urban logistics, driven by the rise of e-commerce, has spiked their demand. Additionally, the shift towards eco-friendly mobility solutions has accelerated the adoption of electric three-wheelers, presenting a significant opportunity in the automotive market.

Growing Indian Agri Industry boosts tractor component demand for CIE

The constant expansion of the agricultural industry, where over 70% of the rural population depends on agriculture, drives demand for tractors. With India being a major producer, consumer, and importer of various agricultural products, the demand for allied vehicles like tractors is expected to surge. The high demand for efficient and advanced tractors with features like GPS guidance and precision agriculture capabilities presents opportunities for CIE to supply components for these technologically advanced machines. The government schemes promoting agricultural mechanization by providing subsidies or financial assistance to farmers for purchasing machinery, including tractors, further stimulate the demand. The advancements in farm mechanization techniques and the involvement of various stakeholders, including governments, corporations, and farmers, in providing subsidies for agricultural mechanization, drive market growth. Moreover, factors such as under-penetration of farm mechanization, farm labor shortage, and government focus on rural infrastructure development contribute to the growth of the tractor industry, consequently impacting CIE Automotive's business in supplying components for tractors.

Expanding market presence with new launches in LCVs & MHCVs

Leading MHCVs Auto companies are planning to roll out multiple new light commercial vehicles (LCVs) in the next 12 months to increase their market share. They aim to introduce six versions of a popular range of pick-up trucks, launching one model every alternate month. These new models will feature varied payloads, technology, and volume capacities to cater to different market needs. Additionally, some companies have introduced an electrified version of a 3.5-tonne LCV in five metropolitan areas and are preparing to launch a lower Gross vehicle weight electrified version of the same brand. There are also plans to expand into the competitive ASEAN market, where Japanese brands currently dominate. This follows their strategy of selling their LCV range under a different brand name in various international markets, including the Middle East, Africa, South Asia, and GCC countries. These initiatives are aligned with growth objectives of India, which allows to expand market presence diversify their product offerings, and capitalize on emerging opportunities in both domestic and international markets.

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 next 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.

Rising Sales of Entry-Level Two-Wheelers: A Promising Opportunity for Automotive Manufacturers

There is a significant growth in sales of entry-level two-wheelers, particularly in the H2FY24, which has brought relief to automakers. These two-wheelers, primarily purchased by rural consumers, experienced strong double-digit growth, indicating a recovery in demand within this crucial consumer segment for the first time since the pandemic. The trend of increased sales continued into April 2024, attributed to improving income levels due to healthy economic growth. Sales figures for motorcycles (up to 110 cc), entry scooters (up to 125 cc), and mopeds all showed notable increases during the specified time frames. This growth is seen as a positive sign for the automobile industry, suggesting a sustained recovery in the two-wheeler segment and potentially stimulating growth in small car sales as well. Factors contributing to this growth include decent monsoons, moderating inflation, and broader economic growth, which have put more disposable income into the hands of consumers, particularly in rural areas. The rebound in sales of entry-level two-wheelers is seen as an early indicator of recovery in small car sales, which may manifest with a slight delay.

Export as opportunity

Export presents a significant opportunity for CIE Automotive India to expand its market reach and enhance its global presence across all the segments. OEMs continue to benefit from the Government's Atmanirbhar Bharat initiative, which promotes self-reliance and export growth. Major Indian OEMs have already seen success exporting to markets in Africa and the Middle East. The advent of more reliable and robust BS6 trucks provides an opportunity for these manufacturers to penetrate more developed markets. Additionally, global OEMs are increasingly making India a central hub for research and development. They are developing products in India for export worldwide, including commercial vehicles and components such as engines, gearboxes, and transmissions. This focus on exports offers significant growth opportunities for OEMs in the global market.

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.
- 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 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

Story in Charts (Values in Mn.)

Exhibit 1: Revenue

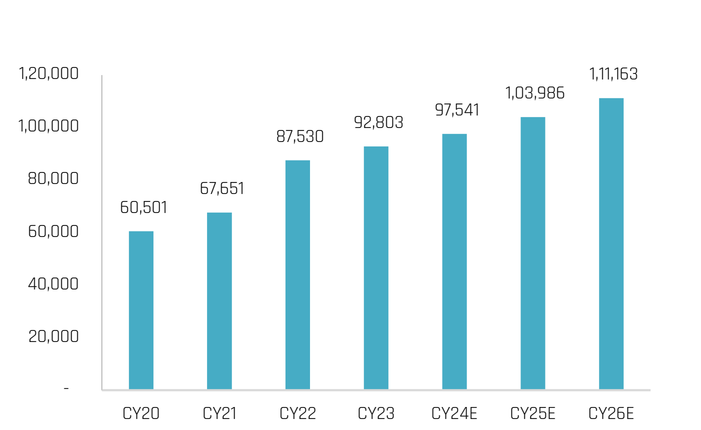


Exhibit 2: EBITDA & EBITDA %

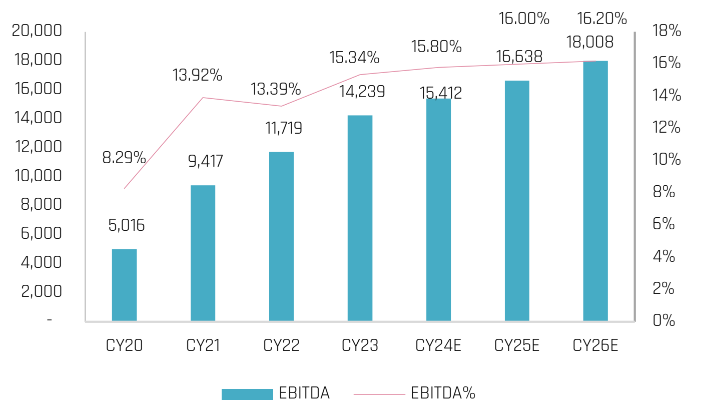


Exhibit 3: PAT & PAT %

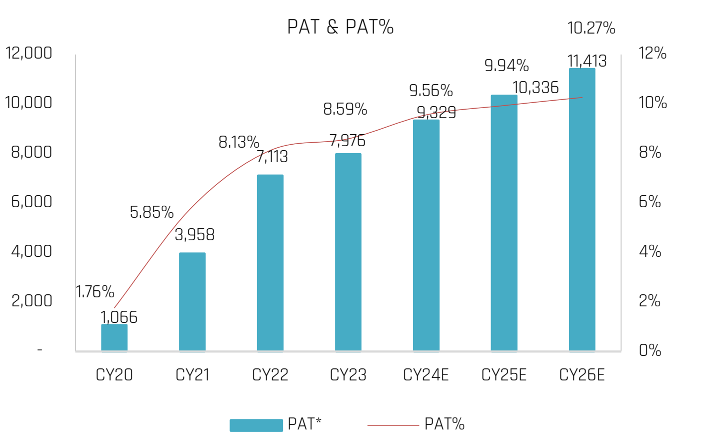


Exhibit 4: Revenue Mix CY23

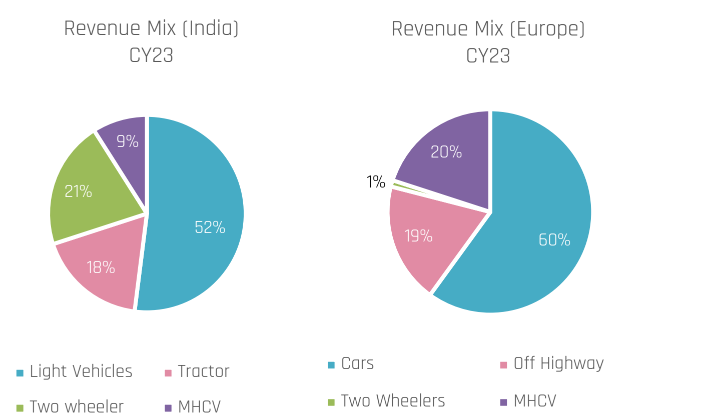
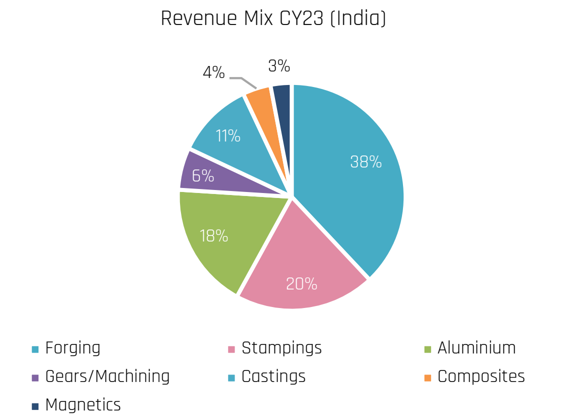
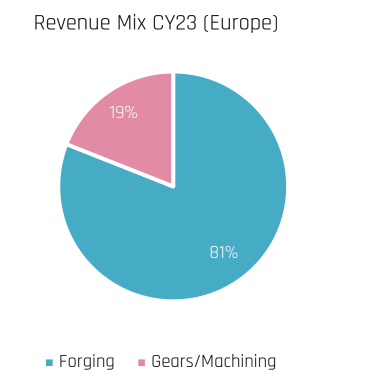


Exhibit 5: Revenue Mix CY23





Source: Company, ACMIIL Retail Research

Q2CY24 Concall Highlights

Performance Review

- Strong performance in India across all segments except tractors, which saw a 7% YoY decline. Growth was slightly above the market average.
- The company reduced its debt by INR 1 billion and anticipates an additional INR 1 billion reduction by year-end.
- European sales decline was driven by a slowdown in the light vehicle market and a 32% drop in Metalcastello's business due to weakness in the US off-road market. Corrective actions are underway to adjust operations.

Future Prospect

- Management expects H2 CY2024 in India to be stronger than H1, driven by positive trends in segments like two-wheelers and a potential recovery in tractors.
- In Europe, H2 CY2024 is expected to be seasonally weaker than H1, with CY2025 projected to see a flat or slightly better market, subject to uncertainties from US elections and EV penetration.
- Exports from India are anticipated to grow, though with longer lead times compared to domestic orders.

Additional Information

- The company has a robust order book, with 30% of new orders in India and 55% in Europe related to electric vehicles.
- CIE Automotive India focuses primarily on Tier 2 businesses, while the Roof Systems business is managed independently by CIE Spain as a Tier 1 business.
- The company is not actively pursuing acquisitions in Europe, preferring to focus its efforts on the growing Indian market.
- The company continues to generate healthy cash flow and remains focused on debt reduction.
- The European light vehicle market has slowed, particularly with a decline in EV orders due to uncertainty over adoption rates and reduced subsidies, while Metalcastello's business has been impacted by weakness in the US off-road market and its reliance on a single customer, though diversification efforts are in progress.

Conclusion

CIE India is witnessing promising growth in its electric vehicle (EV) component sector, driven by strategic initiatives and a favorable market environment. In the first half of the year, the company secured a robust new order book worth INR 5 billion, with approximately 30% of these orders dedicated to EV components. This indicates a steady shift towards electrification, aligning with the global trend of transitioning from internal combustion engines to electric vehicles. As demand for EVs continues to rise, CIE India is well-positioned to capitalize on this emerging opportunity. The Indian government's support through the productivity-linked incentive (PLI) scheme is further boosting the EV market. With 50 out of 74 applications approved, automakers are benefiting from government incentives that help offset the higher costs associated with manufacturing EVs. This is expected to enhance profitability and encourage further investment in advanced automotive technologies. Management expects H2 CY2024 in India to be stronger than H1, driven by positive market trends across various segments, particularly with an increase in exports despite longer lead times. Although the European market faces seasonal challenges, the company remains focused on leveraging opportunities, especially in the EV segment**. Hence, we recommend ACCUMULATE for CIE Automotive India Ltd for medium to long term investment perspective.**

Investment Idea

Financial Statements

Consolidated Profit & Loss Statement:

Particulars (Rs. in Mn.)	CY20	CY21	CY22	CY23	CY24E	CY25E	CY26E
Sales	60501.0	67651.0	87530.0	92803.5	97541.4	103985.9	111163.0
Expenses	55485.0	58234.0	75811.0	78564.6	82129.8	87348.1	93154.6
EBITDA	5016.0	9417.0	11719.0	14238.9	15411.5	16637.7	18008.4
EBITDA Margin %	8.3%	13.9%	13.4%	15.3%	15.8%	16.0%	16.2%
Other Income	549.0	468.0	583.0	820.1	861.9	918.8	982.3
Depreciation	3064.0	2733.0	2962.0	3222.0	3130.3	3146.9	3175.7
Interest	548.0	348.0	227.0	1073.7	705.0	628.0	598.0
PBT^	1953.0	6688.0	9514.0	10758.5	12438.1	13781.7	15217.0
Tax	887.0	2730.0	2401.0	2782.2	3109.5	3445.4	3804.2
Adjusted PAT*	1066.0	3958.0	7113.0	7976.3	9328.6	10336.3	11412.7
Adjusted EPS (Rs.)	2.8	10.4	18.7	21.0	24.6	27.2	30.1

Note: ^ PBT is adjusted after JV/Associates & exceptional items
* PAT is adjusted after discontinued operations
Source: Company, ACMIIL Retail Research

Risks and concerns

- The slowdown in the Indian and global economy will impact the business.
- Heavy reliance on the automotive sector exposes the company to industry-specific risks such as regulatory changes or shifts in consumer preferences.
- Dependency on key customers poses a significant risk, as declines in their business could severely affect the company's revenue and profitability.

The Anup Engineering Limited

Accumulate

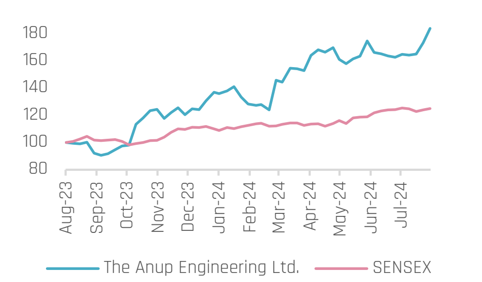
Key Data	
DATE	23-08-2024
Reco Price	2000-2040
Target	2894
Sector	Engineering
BSE Code	542460
NSE Code	ANUP
Face Value (Rs.)	10.00
Market Cap (Mn)	40,199.95
52-week High/Low (Rs)	2187/928

Source : NSE. BSE

Shareholding pattern (June-2024)	%
Promoters	41.24
DIIs	11.06
FIIs	1.18
Public	46.53
Total	**100**

Source : NSE. BSE

Price Performance



Rebase to 100

Company Background

The Anup Engineering Limited" (erstwhile subsidiary company of Arvind Limited) was originally incorporated in the year 1962. In the year 2017 Arvind Limited decided to demerge The Anup Engineering Limited as separate entity. The company got listed on BSE & NSE on 1st March, 2019. It is an India-based company that is engaged in manufacturing and fabrication of process equipment. The Company's products include static process equipment, technology products, engineering services, dished ends and industrial centrifuges. Its static process equipment includes heat exchangers, reactors, pressure vessels, columns and towers, and custom fabrication. Its technology products include Helixchanger and EMBaffle Heat Exchanger. The Company offers a range of shell and tube heat exchangers for oil and gas, refinery, petrochemical, fertilizer, power, water and wastewater, and chemical industries. Its range of heat exchangers include evaporators, high-pressure feed water heaters, surface condensers, waste theat exchangers, multi-tube hairpin exchangers, bayonet heat exchangers, catalyst coolers, transfer line exchangers and others.

Outlook and Valuation

ANUP technical expertise and specialized products offer significant benefits over conventional heat exchangers which is expected to support its profitability, its core strength lies in project execution, to handle complicated equipment and on-time delivery record. Anup has been maintaining healthy EBITDA margin of over 20% over past many years despite volatility in commodity prices backed by strict control over its overheads coupled with efficient management of order book and product mix. **Given the promising outlook, strong order book, and an impressive on-time delivery record of over 95%, makes solid reputation of the company among its user industries. Consistency in this well-adopted strategy make its growth aspirations realistic. We project a 30% CAGR growth for FY24-FY27E and recommend an ACCUMULATE position for medium to long-term investment on basis of PE multiple of 30x and an estimated EPS of Rs 96.7 for FY27E, the stock offers a favorable investment opportunity.**

Financial Snapshot (Consolidated)

Particulars (Rs. in Mn.)	FY24	FY25E	FY26E	FY27E	CAGR % (FY24 - FY27E)
Revenue	5,504	7,155	9,301	12,092	30%
EBITDA	1,283	1,574	2,046	2,660	28%
EBITDA %	23%	22%	22%	22%	
PAT	1,035	1,045	1,434	1,925	23%
EPS (Rs.)	52.0	52.49	72.0	96.7	

Source: Company, ACMIIL Retail Research

Company at glance

- The Company manufactures and fabricates process equipment for oil & gas, chemicals, petrochemicals, pharmaceuticals, fertilizers, Aerospace, power and water industries & others.
- Its product portfolio includes heat exchangers, shell and tube columns, helical baffle columns, packed and tray columns, reactors, high-thickness pressure vessels, and centrifuges.
- It has 2 World Class facilities with state of the art machineries with World Class 8 Clean room facility.
- It excels in detailed engineering, thermal design, and FEA analysis, meeting global standards.
- Export opportunities are strong in the US, Middle East, Australia, and Africa, while domestic demand is expected to improve, driven by a revival in private capex. The market outlook indicates continued investment in gas, hydrogen, and fertilizers sectors.

Product Range

	**Heat Exchangers:** A heat exchanger is a device used to transfer heat from one medium to another. They are widely used in heating equipment, refrigeration, air conditioning, power plants, chemical plants, petrochemical plants, petroleum refineries, natural gas processing and sewage treatment.
	**Reactors:** An apparatus or structure in which fissile material can be made to undergo a controlled, self-sustaining nuclear reaction with the consequent release of energy.
	**Pressure Vessels:** The Pressure vessels (cylinder or tank) are used to store, handling or processing fluids under pressure. Pressure vessel stores pressurised product in it depending on the requirements of process. It is majorly used in oil refinery, Pharmaceutical, Nuclear reactors, submarines etc.
	**Coumns/Towers:** Towers and Columns are used for separation of gases or liquids by using of trays. Column word is mostly used when vertical height is much greater than its diameter. It is majorly used in oil refineries and chemical industry.

Source: Company, ACMIIL Retail Research

Catering to wide spectrum of industries

- Refining/Oil & gas
- Fertilizer
- Power
- Mines & Mineral
- Chemical
- Paper & Pulp
- Water Treatment
- Aerospace

Source: Company, ACMIIL Retail Research

Key Clients

L&T Heavy Engineering, Technip India Limited, Indian Oil Corporation Limited, Linde, Thaioil, ADNOC, TOYO Engineering, Valmet, Körting, Tecnimont, GNFC, Air Products, SAIPEM, KNPC, Reliance Industries Limited, TATA Projects, GE Power, Kinetics Technology, ISRO, HMEL, Petrofac, Mycom Mayekawa, BASF, ANDRITZ, Sasol, McDermott

Source: Company, ACMIIL Retail Research

Investment Rationale

Diverse Product Portfolio fuels growth Amidst Robust Capex Cycle

Anup Engineering has a diverse product portfolio encompassing Heat Exchangers, Reactors, Pressure Vessels, Columns & Towers, Industrial Centrifuges, and Formed Components, serving industries such as Oil & Gas, Petrochemicals, LNG, Fertilizers, Chemicals, Power, Water, and Paper & Pulp. Historically, company have been dominant in the Shell & Tube heat exchangers which formed almost 70% of annual revenue. Now with the new manufacturing plant at Kheda with close proximity to the National highway provides us that opportunity to address larger sized equipment. The new manufacturing facility has the capacity to handle equipment with maximum weight of 800 tons to 1,000 tons thereby enabling growth in scale of operation by handling large size equipment and export orders more efficiently. Therefore, the product range would improve more on Reactors, Vessels, Columns and other larger sized equipment in future. But Heat exchanger will still continue to be the dominant product. Management is expecting the Heat exchanger to be between 60-65% of revenue for FY25. The company is experiencing a robust capital expenditure cycle, both domestically and internationally, which bodes well for manufacturers in this sector. This positive trend in Capex is advantageous for Anup Engineering, aligning with the strong demand and growth opportunities in the capital goods market.

Strategic Location Advantage Enhances Anup Engineering's Manufacturing Efficiency

Anup Engineering's manufacturing facility in Ahmedabad, India, strategically spans 45,000 sq. meters and features 6 heavy and 4 light fabrication bays. The versatility of the facility allows for the seamless production of equipment ranging from 20 MT to 450 MT. Its advantageous location near major national highways and proximity to key sea ports, including Mundra and Kandla (400 km and 350 km away, respectively) and Mumbai (550 km away), facilitates smooth logistics operations. Additionally, the company's dedicated logistics team ensures the efficient global transport of equipment from the facility to clients worldwide.

Anup Engineering Positioned to Capitalize on Emerging Opportunities in Hydrogen and Green Ammonia

The growing emphasis on hydrogen as an energy source and the focus on green ammonia for green fertilizers and hydrogen are generating significant opportunities for Anup Engineering. With numerous global projects underway and more being announced, there is an increasing demand for advanced manufacturing solutions. Anup Engineering's expertise aligns with these trends, particularly in the petrochemicals, fertilizer, gas, hydrogen (blue), and specialty chemicals sectors, where favorable macroeconomic indicators are driving growth. The company's capabilities in producing high-quality equipment are well-positioned to support the expansion and innovation in these emerging markets.

Anup Engineering's Extensive Experience and Certifications Strengthen Market Position

Anup Engineering benefits from nearly six decades of expertise in designing and fabricating process equipment and engineering goods, since its establishment in 1962. The company's leadership, including Chairman Sanjay Lalbhai, who also serves as Chairman and Managing Director of Arvind Limited, brings extensive experience in managing diverse business ventures. Anup Engineering is an ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certified organization, reflecting its commitment to quality, environmental management, and occupational health and safety. Additionally, Company holds certifications from the Petroleum and Explosives Safety Organisation (PESO) and Indian Boiler Regulations (IBR). Its products are approved by leading third-party inspection agencies, project management consultants, and engineering project consultants, including Engineers India Limited, Project Development India Limited, Jacob H&G Limited, ThyssenKrupp Industrial Solutions (India) Private Limited, Air Products USA, Toyo Japan, Saipem, Linde Germany, and Technip France. Moreover, Anup Engineering has secured "U," "U2," "S," and "R" stamp authorizations from the American Society of Mechanical Engineers (ASME), facilitating its entry into the export market and ensuring compliance with safety regulations in nearly 100 countries.

Strong Relationships with Clients Drive Repeat Business and Long-Term Partnerships

Anup Engineering has cultivated long-term relationships with its clients, earning preferred supplier status with many of them. The company consistently receives repeat orders from nearly all of its customers, a testament to its ability to manufacture and supply products that meet exact design specifications and maintain a track record of delivering high-quality, cost-competitive solutions.
Company's commitment to exceptional customer service, including efficient handling of complaints and warranties, further deepens these relationships. It continually works on value engineering, designing optimized products that reduce costs and share savings with customers. By partnering closely with clients to develop tailored products, Anup Engineering not only strengthens these partnerships but also increases customer reliance on the company, streamlining development processes, reducing testing time, and eliminating duplicated efforts. Additionally, Anup Engineering's strong global marketing network enables faster interaction with customers, fostering stronger relationships and ensuring ongoing collaboration over time.

Focus on ESG approach

The 1-megawatt rooftop solar installation at the Ahmedabad plant has been successfully commissioned, now supplying approximately 60% of the plant's energy requirements through renewable sources, alongside an operational windmill. With plans to commission a rooftop solar system at the Kheda plant within this financial year, the company aims to increase its renewable energy usage to around 70% of total power requirements. Additionally, the company is committed to reducing waste generation throughout the entire lifecycle of its products. Robust systems and processes are in place for waste management, including segregation, collection, and disposal. Environmentally friendly end-of-life disposal methods are practiced, with waste disposed of through authorized agencies. These initiatives highlight the company's strong commitment to sustainability and reducing its overall carbon footprint.

Focus on R&D and Innovation to Meet Growing Customer Demands

As customer demand for higher performance and top-quality products continues to grow, Anup Engineering is committed to enhancing its research and design capabilities to stay ahead of market trends and evolving customer needs. A key element of the company's strategy is to develop high-value, technology-driven products that address shifts in customer preferences and comply with changing regulatory requirements. By consistently delivering innovative and high-value products, Anup Engineering aims to become the preferred supplier for its customers, strengthening its market position and increasing its share of customer supply needs. The company's R&D team is focused on designing more efficient and environmentally friendly models across its product portfolio, in line with the industry's push towards sustainability and high-performance solutions. This dedication to R&D and innovation enables Anup Engineering to maintain a competitive edge in the marketplace while addressing the future demands of the industry.

Provides diverse engineering services and products globally

The company offers a comprehensive range of engineering services, including thermal and mechanical engineering, FEA (Finite Element Analysis), CFD (Computational Fluid Dynamics), 3D modeling, and advanced technology products such as the Helixchanger, Embaffle, and polymerization reactors. With over 62 years of experience in fabricating various types of static process equipment across a wide range of metallurgies, the company stands out for its unmatched delivery record, versatility, and flexibility. It can handle equipment ranging from 10 MT to 800 MT in weight and efficiently manages large-scale projects. Additionally, the company has supplied equipment to more than 34 countries across all continents, adhering to global construction standards and industry codes.

Strategic Acquisitions and Developments Driving Growth and Expansion

The company completed its first acquisition with the purchase of Mabel Engineers Private Limited, a manufacturing company based in Tamil Nadu, India. This strategic acquisition enhances the product portfolio by adding silos, tanks, and site service expertise, allowing the company to better address customer requirements. It also broadens the geographical footprint of manufacturing locations, enabling more competitive service. Additionally, the acquisition strengthens the company's engineering capabilities, particularly in designing silos, tankages, and site-fabricated solutions for complex projects.

The Kheda facility has stabilized Phase 1 operations and is currently executing critical long-duration projects. In the first quarter alone, the facility contributed INR 8 crores in revenue, with projections to generate between INR 150 crores and INR 175 crores for the financial year, based on the strong order book. Meanwhile, the new design office in Vadodara, launched in March this year, has rapidly become an essential support for operations. The design team, which currently consists of 50 members, is expected to expand in the coming years, further strengthening the company's design and engineering capabilities. With three manufacturing locations now in Ahmedabad, Kheda, and Tamil Nadu, the company has built a production capacity to support future growth in revenue. These strategic acquisitions and developments are laying the foundation for significant growth opportunities and enhancing operational efficiency across the board.

Export as opportunity

The company is experiencing strong momentum in its export markets, with significant traction from regions including the United States, the Middle East, Australia, and Africa. Building on its strategic roadmap, the company has expanded its global presence from 32 to 34 countries and is on track to enter two additional markets this year, with preparations well underway. The export order backlog is largely driven by demand from the United States, alongside substantial contributions from the Middle East, particularly Saudi Arabia and Abu Dhabi, where new projects are gaining momentum. Major orders from Nigeria and Australia further highlight the company's strategic focus on these key regions. With the United States and the Middle East identified as critical growth areas, the company continues to capitalize on emerging opportunities in these markets.

Industry Overview

India's Capital Goods manufacturing industry serves as a strong base for its engagement across sectors such as Engineering, Construction, Infrastructure and Consumer goods, amongst others. The engineering sector is the largest of the industrial sectors in India. It accounts for 27% of the total factories in the industrial sector and represents 63% of the overall foreign collaborations. Demand for engineering sector services is being driven by capacity expansion in industries like infrastructure, electricity, mining, oil and gas, refinery, steel, automobiles, and consumer durables. India has a competitive advantage in terms of manufacturing costs, market knowledge, technology, and innovation in various engineering sub-sectors. India's engineering sector has witnessed remarkable growth over the last few years, driven by increased investment in infrastructure and industrial production. The engineering industry in India is projected to reach a market size of $125 billion by 2027, growing at a robust compound annual growth rate (CAGR) of 11.68% from $52.98 billion in 2022. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of huge strategic importance to India's economy. The development of the engineering sector of the economy is also significantly aided by the policies and initiatives like Make in India, Atma Nirbhar Bharat etc. of the Indian government.

Investment Idea

Sectors	Growth Drivers
Oil and Gas 	Providing essential equipment for refining, petrochemical processing, and upstream oil and gas operations. Engineering firms offer pressure vessels, reactors, and storage tanks. **High Demand for Equipment:** Continuous exploration and production activities require advanced equipment, including pressure vessels and reactors. **Upgrades and Maintenance:** Regular upgrades and maintenance of existing facilities drive demand for new and replacement parts.
Chemical & Petrochemical 	Supplying specialized equipment and engineering solutions for chemical processing, including reactors, separators, and distillation columns. **Complex Processing Needs:** The chemical industry requires specialized equipment for complex processes such as distillation and reaction, creating opportunities for custom solutions. **Expansion Projects:** Growth in global chemical production leads to new plant constructions and expansions.
Power Generation 	Offering engineering solutions for power plants, including boilers, turbines, and ancillary equipment for both traditional and renewable energy sources. **Energy Demand:** Growing global energy demand necessitates the construction of new power plants and upgrades to existing facilities. **Renewable Integration:** The shift towards renewable energy sources requires new engineering solutions and equipment.
Construction and Infra 	Designing and manufacturing equipment for construction projects, such as steel structures, pipelines, and specialized machinery. **Urbanization and Development:** Rapid urbanization and infrastructure development projects increase demand for construction machinery and structural components. **Government Investments:** Public investments in infrastructure projects drive the need for engineering solutions.
Water and Wastewater Treatment 	Providing solutions for water treatment plants and wastewater management systems, including filtration systems, pumps, and treatment reactors. **Environmental Regulations:** Stricter environmental regulations drive investments in water and wastewater treatment facilities. **Population Growth:** Increasing population and industrial activities heighten the need for effective water management systems.
Pharmaceuticals and Healthcare 	Designing and manufacturing equipment for pharmaceutical production, medical devices, and healthcare infrastructure, including cleanroom facilities and storage solutions. **Technological Advancements:** Innovations in pharmaceuticals and healthcare drive the need for advanced manufacturing and processing equipment. **Aging Population:** Rising healthcare needs due to an aging population increase demand for medical devices and production facilities.
Automotive and Aerospace 	Offering specialized engineering solutions for vehicle and aircraft manufacturing, including components, systems, and advanced materials. **Technological Evolution:** Advances in automotive and aerospace technology create opportunities for specialized engineering solutions and components. **Demand for Innovation:** The push for innovation in these industries drives the need for advanced manufacturing techniques.
Environmental and Sustainability 	Engineering solutions for waste management, recycling, and environmental protection, including equipment for reducing emissions and improving energy efficiency. **Regulatory Pressures:** Growing environmental regulations and sustainability goals create demand for equipment and technologies that support green practices. **Resource Management:** Investments in waste management and resource recovery drive the need for engineering solutions that improve efficiency and reduce environmental impact.
Industrial Automation 	Providing equipment and systems for automating industrial processes, including robotics, control systems, and monitoring technologies. **Efficiency and Productivity:** The push for increased efficiency and productivity in manufacturing drives demand for automation solutions and robotics. **Technological Integration:** Advances in technology lead to more sophisticated automation systems, creating opportunities for innovation and implementation.

Opportunities Arising from India's Oil and Gas Sector's Shift to Green Technologies

India's oil and gas companies are increasingly focusing on green hydrogen, carbon capture, utilization, and storage (CCUS), and renewable energy to achieve net-zero emissions. Companies like ONGC are advancing in CCUS, while Indian Oil is venturing into green hydrogen and boosting domestic electrolyser production. Investments in renewable energy are being prioritized to power operations like electric boilers and green hydrogen production, with companies like BPCL devising hybrid solar and wind solutions to reduce emissions. HPCL is also upskilling its workforce to adapt to net-zero technologies. These developments offer opportunities for Anup Engineering to supply critical equipment for green hydrogen, CCUS, and renewable energy projects, while also positioning the company for partnerships and growth in these emerging markets.

Economic Revival and Infrastructure Growth Present Opportunities

The rising private sector investment and a revival in both rural and urban demand are set to accelerate India's economic growth, with a projected increase of 7.2% for the current fiscal year. There are early signs of new capacity creation and a surge in investment intentions, with capital investments reaching a record ₹3.90 lakh crore in 2023-24, predominantly in infrastructure sectors such as roads, bridges, and power. This surge is driven by increased domestic demand, improved capacity utilization, and a strong government focus on infrastructure development. Rural consumption, bolstered by growing incomes, is also contributing to higher spending on fast-moving consumer goods (FMCG), indicating robust economic fundamentals. The overall investment climate is favorable, with healthy corporate and bank balance sheets, sustained credit demand, and business optimism supporting future investments. These trends offer significant growth opportunities for Anup Engineering, as increased infrastructure projects and industrial activity create higher demand for engineering solutions, positioning the company to capitalize on the economic momentum.

Emerging Opportunities in Carbon Capture: A Potential Growth Avenue for Engineering Companies

The Government plans to introduce Viability Gap Funding (VGF), carbon credits, and subsidies to boost Carbon Capture, Utilisation, and Storage (CCUS) in India, a market with $10 billion potential over the next five years. A CCUS policy expected this year could incentivize new product lines like green ammonia and hydrogen. CCUS involves capturing CO_2 from industries such as refineries and steel plants, vital for reducing emissions. Countries like the USA and UK already have CCUS projects, and India may introduce similar financial incentives. With high CO_2 capture costs in India ($58-60 per tonne), reducing this cost is crucial. As the third-largest CO_2 emitter, India aims to cut its emission intensity by 33-35% by 2030. The push for CCUS through financial incentives presents an opportunity for Anup Engineering to expand its market reach, increase demand for its specialized products, and strengthen its positioning in the growing green energy sector.

Opportunities for Engineering Companies Amidst India's Crude Oil Refining Capacity Expansion

The expansion of India's crude oil refining capacity and developments in the sector present significant opportunities for companies like Anup Engineering. As India plans to increase its refining capacity by 56.6 million tonnes per annum through both brownfield and greenfield projects, there will be a substantial rise in demand for engineering solutions, including design, installation, and maintenance of refining units and infrastructure. This growth in refining infrastructure will create opportunities for engineering firms to engage in projects related to new refinery setups, pipeline expansions, and upgrades to existing facilities. Additionally, the need for specialized equipment and technology will drive demand for high-tech solutions, benefiting companies that provide advanced engineering equipment. Long-term contracts for maintenance and support services may also become available, offering a steady revenue stream. Furthermore, the overall growth in industrial sectors driven by increased refining capacity could lead to more projects across various sectors, enhancing business prospects for engineering firms. The favorable market conditions, including high gross refinery margins, will enable clients to invest more in engineering solutions, further strengthening the position of companies like Anup Engineering in the oil and gas sector.

Additional Key growth drivers

- The union budget has proposed a capital outlay of Rs1,18,500 crore for oil and gas companies in FY25, an 11% increase over the budgeted estimate for FY24. This is likely to benefit engineering and engineering, procurement and construction (EPC) companies operating in the oil and gas industry.
- Announcements of new gasification plants provide additional opportunities in engineering for designing and setting up these facilities.
- Rising economic growth and industrialization in developing nations drive continued demand for oil, gas, and petroleum products, supporting growth in engineering projects related to these sectors.
- The shift towards cleaner energy sources also generates opportunities for engineering firms involved in developing and implementing advanced technologies and solutions.
- Growth in industrial sectors and increased demand for engineering services open up both domestic and international opportunities for engineering companies.

Story in Charts (Values in Mn.)

Exhibit 1: Sales

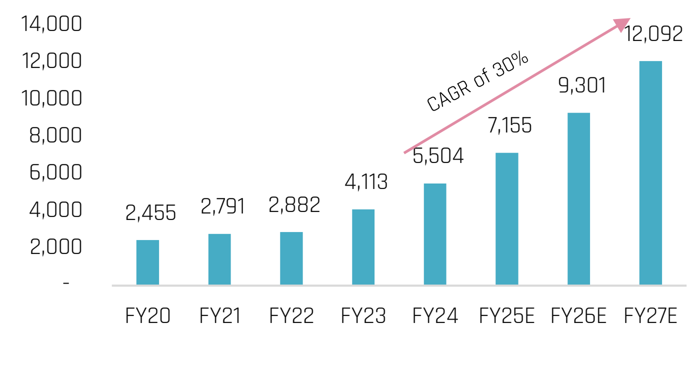


Exhibit 2: PAT & PAT Margin

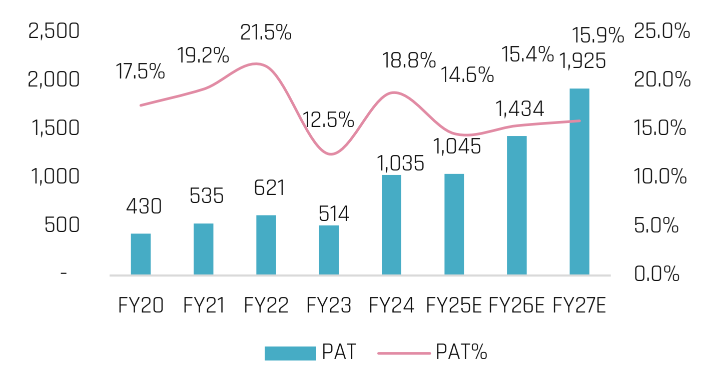


Exhibit 3: EBITDA & Margins

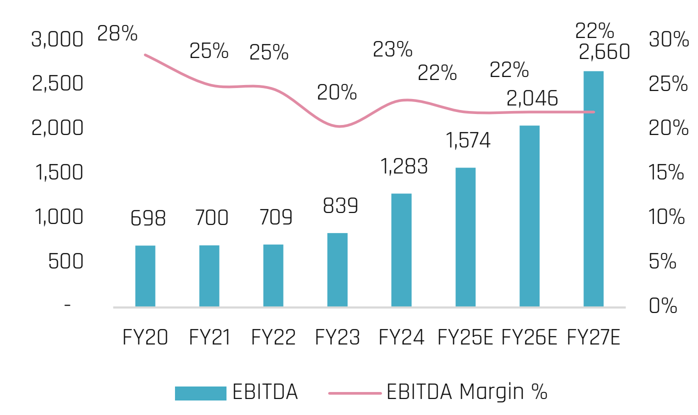


Exhibit 4: Revenue Mix FY24

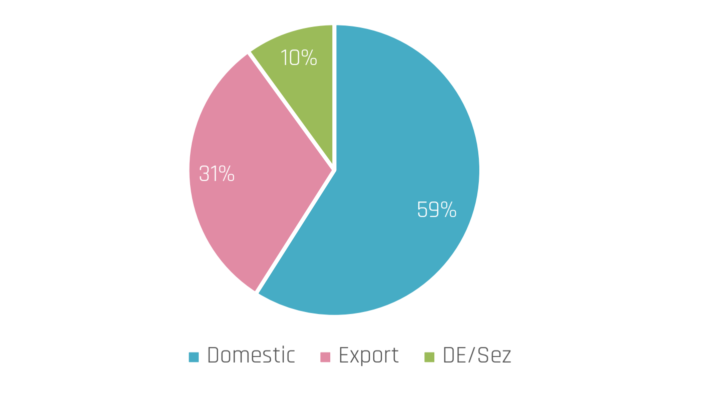


Exhibit 5: Revenue Product wise FY24

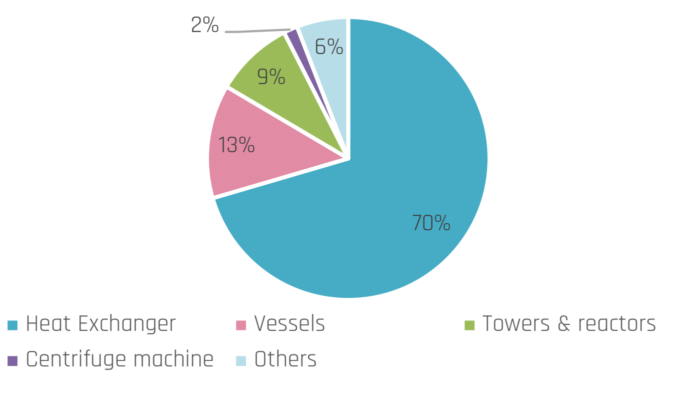
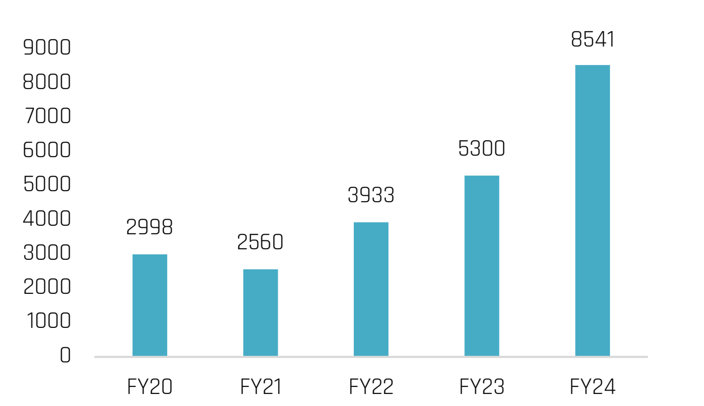


Exhibit 6 Order Book



Source: Company, ACMIIL Retail Research

Financial Statements

Consolidated Profit & Loss Statement:

Particulars (Rs. in Mn.)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Sales	2,791	2,882	4,113	5,504	7,155	9,301	12,092
Expenses	2,092	2,174	3,275	4,221	5,581	7,255	9,432
EBITDA	700	709	839	1,283	1,574	2,046	2,660
EBITDA Margin %	25%	25%	20%	23%	22%	22%	22%
Other Income	36	38	12	91	45	55	65
Depreciation	105	116	125	175	191	160	131
Interest	16	19	26	37	35	30	28
PBT	615	611	700	1,162	1,393	1,911	2,566
Tax	79	-9	186	127	348	478	642
PAT	535	621	514	1,035	1,045	1,434	1,925
EPS (Rs.)	27.22	31.40	26.0	52.0	52.49	72.0	96.7

Source: Company, ACMIIL Retail Research

Risks and concerns

- Concentration of order book towards few products and end-user industry.
- Its custom built equipment business where every product is designed and made to order, labor skills play an important role especially skilled operators. The availability of skilled workforce to fuel the growth aspirations is always going to be a challenge.

Manaksia Coated Metals & Industries Limited

Key Data

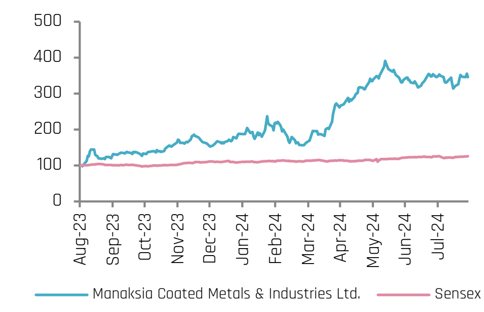
DATE	30-08-2024
CMP	64.14
Sector	Steel and value added products
BSE Code	539046
NSE CODE	MANAKCOAT
Face Value (Rs.)	1
Market Cap (Mn)	4826
52-week High/Low (Rs)	72.8/18.1

Source : NSE. BSE

Shareholding pattern (June-2024)	%
Promoters	69.19
FIIs	0.14
Public	30.66
Total	**100.00**

Source : NSE. BSE

Price Performance



Rebase to 100

Company Background

Manaksia Coated Metals & Industries Limited (MCMIL) is a prominent manufacturer and exporter of coated metal products. MCMIL manufactures Colour Coated Galvanised Steel and Plain Galvanised Steel, in coil & sheet forms. All value added steel products are manufactured in the company's facility in Kutch, Gujarat. Galvanised and Colour Coated Steel products are the new age building materials widely used in various applications for construction, automotive, appliances and general engineering industries. MCMIL's Presence in 22 countries across 4 continents, Targeting the FMCG sector and the General Engineering, Home Appliances, and Construction segments, Manaksia Coated Metals & Industries Ltd. has gained the trust of customers all over India as well as Europe, Russia, Africa, and the Middle East.

Outlook

MCMIL is solidifying its position as a leader in the manufacturing and export of coated metal products, with a strong focus on Pre-painted Galvanized Steel and Plain Galvanized Steel in both coil and sheet forms. The company's recent upgrade from a one-star to a three-star export house highlights its growing prominence in international markets. MCMIL is actively exploring new growth opportunities, diversifying its product offerings, and expanding its global footprint. The sector outlook remains positive, bolstered by several government initiatives, such as the 'Make in India' campaign and increased budget allocation for specialty steel under the PLI scheme. With major capital expenditure plans in place, a shift in its product mix, and greater backward integration, MCMIL is poised to enhance its revenue and EBITDA margins—fueling its long term growth and competitiveness.

Financial Snapshot (Consolidated)

Particulars (Rs. mn.)	FY24	FY25E	FY26E	FY27E	FY28E
Revenue	7397	8400	11483	14653	16976
EBITDA	503	680	985	1341	1633
EBITDA %	6.8%	8.1%	8.6%	9.2%	9.6%
PAT	116	237	420	597	783
PAT%	1.6%	2.8%	3.7%	4.1%	4.6%

Source: Company, ACMIIL Retail Research

Company at Glance

- Upgraded from one star to 3 star export house by ministry of commerce & Industry.
- Elevates reputation and attractiveness in international markets.
- Diversifying product offerings.
- Long-Term Rating: From ACUITE BBB+ to A and Short-Term Rating: From ACUITE A2 to A2+
- ISO 9001:2015 ISO 14001:2015 OHSAS 18001:2007 Certifications
- 15 years of experience, 240 active customers,20+ states presence across India and 22 location overseas presence

Company Overview

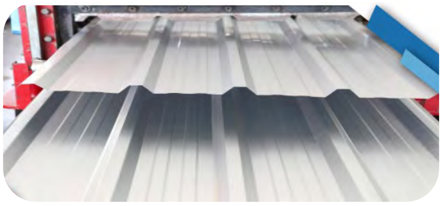
Manaksia Coated Metals and Industries Limited (MCMIL) is a Kolkata-based company led by Mr. Sushil Agrawal and Mr. Karan Agarwal. Established in 2010, MCMIL inherited the coated metal and mosquito coil divisions of Manaksia Ltd. (ML) through a demerger in 2013. The Manaksia Group, a diversified conglomerate with over 35 years of experience, operates manufacturing plants across India and three international plants, including two in Nigeria and one in Ghana. The group has a diverse presence in sectors such as FMCG, Aluminum, and Steel. MCMIL primarily focuses on manufacturing value-added, coated flat steel products, including galvanized steel sheets and coils, as well as pre-painted steel sheets and coils. The company's flagship manufacturing facility is located in Kutch, Gujarat. However, MCMIL leverages its extensive infrastructure across India for warehousing and distribution of its products. The company initially specialized in pre-painted steel and backward integrated into galvanized steel production in 2018, resulting in consistent growth in sales volumes. The company now sees its core business, involving coated steel products grow exponentially over the years. Additionally, MCMIL produces Ultramarine Blue Powder at its Bhopal facility under a contract manufacturing agreement with Reckitt Benckiser India.

Key Highlights of the company's operations

Product focus	Steel products customized for industries such as construction, automotive, appliances, and general engineering
Commitment to quality	The company is dedicated to delivering superior quality and value-added steel products.
Advanced technology	MCMIL utilizes modern, technologically advanced plants and machinery to ensure high- quality output.
Diverse clientele	The company serves a broad customer base, including FMCG, general engineering, home appliances, and construction sectors.
Global presence	MCMIL maintains a strong presence in both domestic markets (India) and international markets across Europe, Africa, and the Middle East.
Continuous improvement	The company is driven by a focus on enhancing product performance, fostering innovation, and expanding its production capacity.
Market growth	With well-established brands that enjoy strong market demand, MCMIL is well-positioned for sustained success and further market expansion.

Source: Company, ACMIIL Retail Research

Product Overview



Pre-painted steel Sheets & Coils

- It exhibit superior quality, incorporating a protective paint layer that enhances both aesthetics and corrosion resistance. Employing advanced 'two coat-two bake' processes and a diverse range of paint systems, these products ensure durability and vibrant finishes suitable for a wide array of applications.
- Colour Coating Is Done on substrate metals like Galvanized Steel, Alu-Zinc Coated Steel, and Aluminum.
- Revenue Share: 78%, Capacity Utilization: 87%

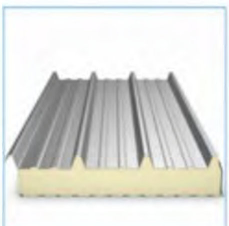
Galvanised Steel

- It boasts exceptional quality, featuring precise zinc coating control and advanced surface treatments for enhanced corrosion resistance.
- With state-of-the-art technology ensuring uniformity and adherence to international standards, it offers superior protection against moisture and corrosion.
- Revenue Share: 21.5%, Capacity Utilization: 76%

Source: Company, ACMIIL Retail Research

Diverse Application of Coated Steel Products

Domestic Roofing & Cladding	Industrial Metal Building Construction	HVAC Systems	Refrigerator	Metal Ceiling Systems	Dry Wall Partition Systems
Pharma Clean Rooms	Metal Doors & Windows	white Goods & Appliances	Metal Safes	Morden Elevator Systems	Bus Body Building
Solar Water Heating Equipment	Marker Board Insulated Sandwich Panel for Cold Storage	Warehouses	Refrigerated Trucks	Steel Furniture	Scaffolding Pipes



Operational Footprint

Particulars	Location
Manufacturing Plants	Kutch, Gujrat Bhopal, Madhya Pradesh
Branch Offices	New Delhi Ahmedabad Hyderabad Kolkata
Stock Yards and Services center	Cochin Bhopal Hyderabad, Telangana Guwahati, Assam Jammu

Source: Company, ACMIIL Retail Research

Strategically Located State Of The Art Manufacturing Facility

Company's manufacturing facilities are located in Kutch, Gujarat and Bhopal, Madhya Pradesh. Their coated steel division has operational capacity to produce:

Number of Plants
2

Installed Capacity
Galvanised

1,32,000 MT per annum

Pre-painted

86,000 MT per annum

Strategically situated, the company's manufacturing facility in Kutch, Gujarat, is in close proximity to Kandla and Mundra Ports, enhancing efficiency for imports, exports, and access to domestic coastal routes

Source: Company, ACMIIL Retail Research

Investment Rationale

Transition to Aluminum-Zinc Coating: Enhancing Durability and Market Position

Transition from manufacturing Galvanized steel to Aluminium-Zinc Coated Steel

Phase 1 Expansion: Upgrading to Superior Technology and Line Speed Increase.

Capacity Expansion: From 1,32,000 MT/Annum To 180,000 MT/Annum

Composition of Alloy-Coated Product by Weight:
55% Aluminium, 43.5% Zinc, 1.5% Silicon.

Features & Benefits:
High Heat Reflectivity, Shiny Appearance and Paint-free Usability, ideal for High-Corrosion Environments.

Source: Company, ACMIIL Retail Research

The company is transitioning its existing galvanizing steel production from pure zinc coating to aluminum-zinc coating. The alloy-coated product, composed of 55% aluminum, 43.5% zinc, and 1.5% silicon by weight, offers superior durability, lasting four times longer than galvanized steel. This shift is achieved through an automatic and continuous galvanizing process that provides three times the corrosion resistance and enhances production capacity by 36% to 1.80 Lac MT/year. The demand for aluminum-zinc coating is growing at a much faster rate compared to galvanized steel due to its greater market acceptability. With fewer competitors offering this advanced product, it enjoys a competitive advantage and commands a premium price over traditional galvanized steel. Additionally, aluminum-zinc coated steel significantly outperforms regular zinc-coated steel by delivering superior corrosion resistance, even with 40% lower coating weight, making it the preferred option across various industries.

Consistency in Export Trade and Exploration of New Growth Opportunities in International Markets

The company has sustained a steady volume of export orders. It has established a well- developed network of customers in the European market who extensively use aluminum-zinc alloy-coated steel. With the introduction of new product, sales to these buyers are expected to increase significantly. Additionally, the removal of export duties and the improving economic conditions in the European market are anticipated to boost demand further in the current year.

Sales (in MTPA)	FY22	FY23	FY24	Q1FY25
Domestic	33295	60648	61929	18888
Export	30733	13729	28037	5754
Total	64028	74377	89966	24642

(Note: The imposition of export duties restricted exports during FY23)
Source: Company, ACMIIL Retail Research

Strategic Logistical Advantage Enhancing Efficiency and Reducing Costs

The Company benefits from a significant logistical advantage due to its strategic location. The company's manufacturing facility in Kutch, Gujarat, is situated near the Kandla and Mundra Ports, which are major ports on the west coast of India. This proximity enhances the efficiency of both imports and exports and provides advantageous access to domestic coastal routes. Additionally, warehouses in Cochin, Bhopal, and Hyderabad further bolster the company's supply network across India. This strategic positioning helps reduce transportation costs and improves overall logistical efficiency.

Strategic Investment in Cold Rolling Complex to Enhance Efficiency and Growth

The company has estimated to invest Rs. 120 Crores in a Cold Rolling Complex with a capacity of 300,000 MT per year. This facility will reduce dependence on external suppliers, shorten lead times, and improve inventory management, thus enhancing operational efficiency and cost-effectiveness. By processing Hot Rolled Steel Coils (HRC) in-house, MCMIL will lower raw material costs and ensure better availability of HRC compared to Cold Rolled Steel Coils. Strategically, the Cold Rolling Complex will support future expansions, including additional galvanizing and color coating lines, aligning with market demand for long-term growth. It will also stabilize the raw material supply chain, improve product quality, and enable competitive pricing, strengthening MCMIL's market position.

Capex to expand existing facility and also building up new facility to drive future growth

MCMIL has laid out a CAPEX program aimed at upgrading its existing infrastructure, enhancing capacity, and adopting sustainable practices. The total estimated capital expenditure is Rs. 245 Crores, distributed across five key projects, executed over 3 Phases.

	Estimated capex	Expected	Existing Capacity (MTPA)			Capacity Expansion (MTPA)		
Phase 1	Rs (in cr)	Completion	FY22	FY23	FY24	FY25E	FY26E	FY27E
Conversion of Galvanizing Line to Alu Zinc Coating Line	40	Q3FY25		132000		180000		
Setting up of Solar Plant	30	Q4FY25						
Phase 2								
Setting Up of New Colour Coating Line	50	Q4FY26	86000				236000	
Phase 3								
Setting Up of New Cold Rolling Complex	120	FY27/FY28						300000

Source: Company, ACMIIL Retail Research

Strategic Conversion to Alu-Zinc Coating Line Enhances Capacity and Market Position

The Company is initiating a significant project to convert its existing galvanizing line at the Kutch plant to an Alu-Zinc coating line, with a estimated capital expenditure of Rs. 40 Crores. This upgrade will enhance the plant's capacity to 180,000 MT per year, positioning MCMIL to better meet the growing demand for Alu-Zinc-coated steel products. Alu-Zinc coating, known for its superior corrosion resistance and longer lifespan compared to traditional galvanizing, commands a premium in the market. This strategic shift allows MCMIL to enter new market segments, particularly the Pre-Engineered Building (PEB) industry, which requires durable and cost-effective coated steel products. Financially, the transition to Alu-Zinc is expected to reduce manufacturing costs, leading to an expansion in EBITDA and increased profitability through premium pricing. Additionally, the enhanced capacity will drive higher sales volumes. Strategically, this conversion not only broadens MCMIL's product portfolio but also strengthens its competitive edge by enabling the company to serve a broader range of OEM end users, including those in the construction and infrastructure sectors.

Solar Power Investment: Advancing Sustainability and Cost Efficiency

As part of its commitment to sustainability. (MCMIL) is investing up to Rs. 30 Crores to establish an 8MW solar power plant for captive consumption. This initiative aligns with the company's long-term goal of reducing its carbon footprint and adopting green manufacturing practices. The solar plant is expected to cut power costs by at least 45%, leading to a substantial improvement in EBITDA and overall profitability through reduced energy expenses. Additionally, the project qualifies for accelerated depreciation, allowing MCMIL to claim up to 60% of the project cost in the initial years, which will lower the tax burden and enhance the project's financial viability. The solar plant will significantly reduce carbon emissions, making MCMIL's products more appealing to environmentally conscious customers, especially in the European market where sustainability is a key purchasing criterion. This move also helps MCMIL comply with global environmental standards as a green steel manufacturer. By adopting renewable energy sources, MCMIL positions itself as a leader in sustainable steel manufacturing, enhancing its reputation and gaining a competitive edge in markets that value green credentials.

Investment in Second Colour Coating Line to Boost Capacity and Market Reach

The Company estimated to invest Rs. 50 Crores in establishing a second Colour Coating Line (CCL 2), aimed at enhancing its capacity to produce pre-painted steel, which represents the most value-added form of coated steel products. This new line, with an additional capacity of 150,000 MT, is strategically important as it will complement the capacity enhancements from the Galvanizing Line upgrade to Alu-Zinc coating, ensuring that the increased production capacity is optimally utilized. Currently, pre-painted steel accounts for over 75% of MCMIL's total sales, and this figure is anticipated to grow significantly with the new line.The expansion will enable MCMIL to meet the rising demand for pre-painted steel across various industries, including construction, automotive, and consumer goods. It will also facilitate the company's entry into new geographical markets and diversify its product offerings. Financially, the new Colour Coating Line is expected to drive revenue growth and enhance profitability, as pre-painted steel commands higher margins due to its value-added nature. Additionally, the project will improve MCMIL's ability to offer customized solutions, further strengthening its market position.

Technological Advancements Elevate Manaksia Coated Metals & Industries Ltd.'s Industry Leadership

Company is making significant strides in technological advancements by introducing new product technologies like Alu-Zinc coating, which are far more superior and advanced in nature. It is continuously focused on upgrading equipment technologies to enhance efficiencies, improve quality, and induct production flexibility. To further add value, they have planned to introduce a Coil Slitting line, allowing it to cater to OEM customers' custom requirements with precision slitting. Additionally, MCMIL is committed to moving towards greener technologies, evidenced by its planned investment in a solar power plant. The company also prioritizes safety by leveraging technology to ensure minimal human interaction, with fully automated production lines that enhance both safety and efficiency. To support these initiatives, the company maintains a state-of-the-art in-house laboratory, which is certified and equipped with specialized tools for the rigorous testing and analysis of coated steel products. This commitment to technological innovation shows that MCMIL remains at the forefront of the industry, delivering high-quality and versatile solutions to its customers.

Industry Overview

The global market for pre-painted steel coils was valued at USD 12.45 billion in 2022 and is projected to grow at a CAGR of 8.0% from 2023 to 2030. Domestically, major steel-consuming sectors such as consumer goods and the process industry, which account for 45% and 25% of demand, respectively, are set to grow at a CAGR of 7-9% over the next 3-5 years, further bolstering the steel industry's expansion. The Company operates within a rapidly growing global market for galvanized and color-coated steel. Color-coated steel has become a preferred material in appliances, pre-engineered buildings, warehouses, and roofing due to its durability, corrosion resistance, and improved performance. The steel industry is positioned for significant growth across various sectors. In FY24, India's crude steel production reached 94.01 million tonnes (MT), while finished steel production stood at 88.81 MT. India, a major player in the global steel industry, is experiencing strong growth. Finished steel consumption is projected to rise to 138.5 million tonnes in FY24, with production estimated to grow by 4-7%. The infrastructure sector in India is expected to see an 11% increase in steel consumption by FY26, reflecting robust demand. The pre-painted steel coil market, valued at USD 12.45 billion in 2022, is anticipated to grow at an 8.0% CAGR from 2023 to 2030. Major sectors such as consumer goods, which account for 45% of steel demand, and the process industry, making up 25% of demand, are also expected to grow at a rate of 7-9% CAGR over the next 3-5 years. Despite this growth, India's annual per capita steel consumption remains relatively low at 77 kg, about one-third of the global average of 233 kg, highlighting significant potential for further expansion.

Industry Growth Drivers

Global Market Growth

The global galvanized steel market is set to grow from USD 104.28 billion in 2024 to USD 166.09 billion by 2032, reflecting a CAGR of 5.9%. In 2023, the Asia Pacific region dominated the galvanized steel market with a 47.37% market share. Additionally, the global color-coated steel market is projected to expand at a CAGR of 4.9%, driven by increasing demand across construction, appliances, and automotive sectors.

Rising Demand in Construction

The surge in residential and commercial construction activities is significantly boosting the demand for galvanized and color-coated steel, particularly for outdoor applications such as roofing, cladding, and fencing. Infrastructure initiatives, including the ambitious plan to construct two crore affordable houses in India, are further propelling steel consumption.

Favorable Policies and Government Initiatives

The Indian government's efforts to bolster self-reliance in the steel industry, highlighted by increased budget allocations for the specialty steel PLI scheme, are fostering sector growth. Additionally, reductions in customs duties on essential equipment for iron ore pellets and beneficiation plants are encouraging investment and expansion within the steel sector.

Growth in the Automotive Sector

The automotive industry's transition towards lightweight and fuel-efficient vehicles is enhancing the demand for galvanized and color-coated steel. These materials are favored for their durability and corrosion resistance, and color-coated steel is increasingly utilized in complex-shaped and deep-drawn automotive parts, making it highly attractive to vehicle manufacturers.

Technological Advancements

Technological advancements in coating processes, such as the introduction of Aluminum Zinc and Magnesium coatings, are significantly improving the durability and performance of steel products. Innovations in color-coated steel, aimed at enhancing protection against corrosion and heat, are expanding its usage across a variety of applications.

Expansion in the Warehouse and Logistics Sectors

The Indian warehouse market is anticipated to reach USD 35 billion by 2027, with a CAGR of 15.67%. This growth is driven by a shift in consumer behavior towards e-commerce and the need for optimized logistics operations. Major investments in additional storage capacity, such as the construction of wheat silos through public-private partnerships, are further stimulating demand for steel products.

Environmental and Sustainability Initiatives

Policies like the Telangana Cool Roof Policy (2023-28), which promotes the use of cool roofs to combat extreme heat, are driving the demand for innovative steel solutions in sustainable construction projects. These environmental and sustainability initiatives underscore the growing importance of advanced steel products in achieving eco-friendly building practices.

Story in Charts (Values in Millions)

Exhibit 1: Sales

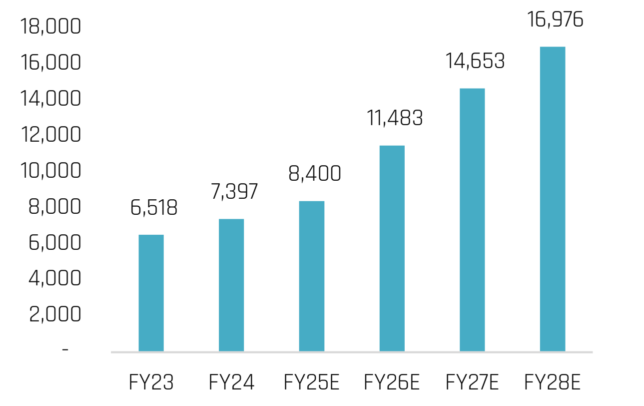


Exhibit 2: EBITDA & EBITDA Margin

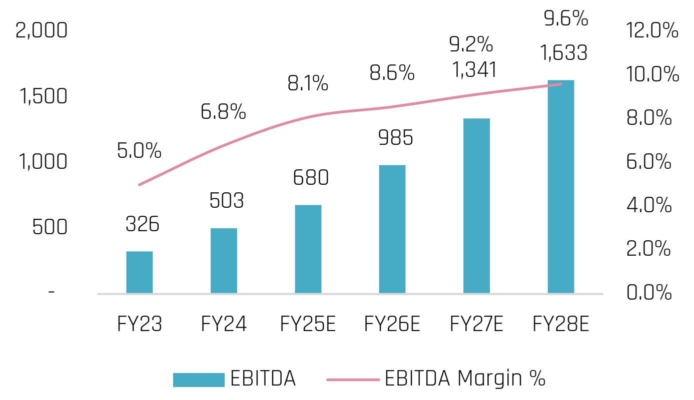


Exhibit 3: PAT & PAT Margin

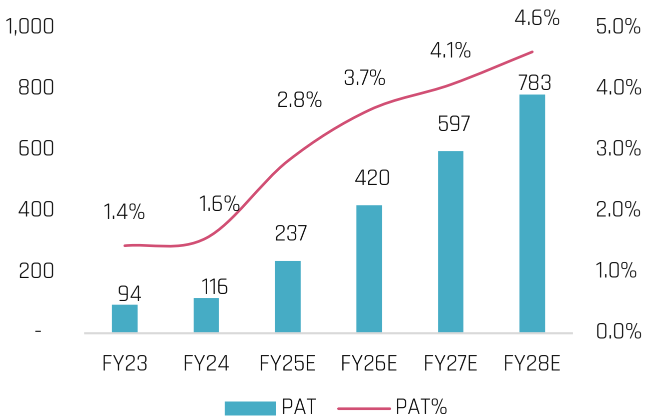


Exhibit 4: Revenue Mix Geography wise (FY24)

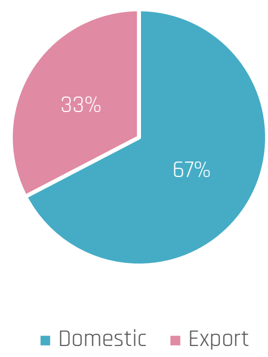
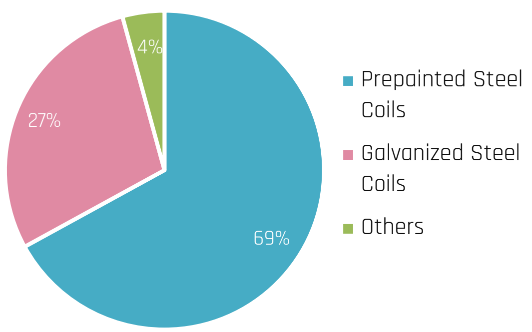


Exhibit 5: Product Wise Revenue (FY24)



Source: Company, ACMIIL Retail Research

Financial Statements

Consolidated Profit & Loss Statement:

Particulars (Rs. in Mn)	FY24	FY25E	FY26E	FY27E	FY28E
Sales	7397	8400	11483	14653	16976
Expenses	6893	7719	10498	13312	15343
EBITDA	**503**	**680**	**985**	**1341**	**1633**
EBITDA %	**6.8%**	**8.1%**	**8.6%**	**9.2%**	**9.6%**
Other Income	65	46	40	40	40
Interest	328	315	332	429	459
Depreciation	92	96	134	156	170
PBT	**149**	**316**	**560**	**796**	**1044**
Tax	37	79	140	199	261
PAT	**116**	**237**	**420**	**597**	**783**
PAT %	**1.6%**	**2.8%**	**3.7%**	**4.1%**	**4.6%**

Source: Company, ACMIIL Retail Research

Risks and concerns

- The economic slowdown & supply chain disruption due to geopolitical may affect the company's business.
- Prices of raw materials and products are highly volatile in nature. Company would remain susceptible to the intense competition and inherent cyclical nature of steel industry over the medium term.

NIFTY CMP: 25236	
SHORT TERM SUPPORTS: 24950, 24300	SHORT TERM RESISTANCE: 25600, 26000

Chart as on 30h Aug 2024

NIFTY- Daily Chart

- The index began August on a negative note, but as the month progressed, it witnessed a recovery and gained momentum, helping it to settle at record high levels around 25,236.
- Technically, on the daily scale, the index has been consolidating within a broadening (megaphone) pattern. Within this broadening pattern, the index has formed a rounding bottom pattern. On August 29th, the index witnessed a breakout from the rounding bottom pattern. Based on this breakout, the index could test the 26,000-26,250 levels in the medium term. However, in the short term, the upper trend line resistance of the broadening pattern is near 25,600 levels. Thus, for the short term, 25,500-25,600 will be the initial target for the index. A strong break above 25,600 will likely propel the index further up to the 26,000-26,250 levels.
- On the downside, immediate support for the index is near 24,950, where the 9-Day Exponential Moving Average (DEMA) support is placed, followed by the 50-DEMA support, which is near 24,330 levels.
- The momentum indicator, Relative Strength Index (RSI), on the daily scale, is positioned above the center point and has broken the trend line resistance, indicating strength.
- For the short term, 24,950 and 24,300 will serve as support levels, while 25,600 and 26,000 will act as resistance levels.

BANKNIFTY CMP: 51351	
SHORT TERM SUPPORTS: 50900, 49650	SHORT TERM RESISTANCE: 51800, 52000

Chart as on 30th Aug 2024

BANKNIFTY-Daily Chart

- The index began the month on a negative note and displayed weakness in the first half. However, in the second half, the index witnessed a strong recovery, which helped recoup losses, ultimately closing August with a marginal negative note at 51,351.
- Technically, the index has formed a double bottom formation near 49,650 and later managed to break out of this double bottom pattern. Based on the double bottom pattern breakout, the target comes around 42,000. Additionally, the index has crossed the hurdle of the 21-Day Exponential Moving Average (DEMA) and managed to close above the trend line resistance, indicating strength.
- On the downside, the 21-DEMA is positioned near 50,950, which will act as immediate support for the Bank Nifty, followed by 49,650.
- The momentum indicator, Relative Strength Index (RSI), on the daily scale, is placed above the center point, and witness trend line breakout, indicating strength.
- In the short term, 50,900 and 49,650 will serve as support levels, while 51,800 and 52,000 will act as resistance levels.

NIFTYIT CMP: 42788	
SHORT TERM SUPPORTS: 41380, 39300	SHORT TERM RESISTANCE: 43050, 44930

Chart as on 30th Aug, 2024

- The index began the month on a negative note and displayed weakness in the first half. However, the index saw a tremendous comeback in the second half, which made sure it erased its losses and settle the month near record highs around 42,788.
- Technically, the index has retested the previous breakout point of the rounding bottom pattern and formed a new short-term rounding bottom formation. The index experienced a fresh breakout from this rounding bottom formation on August 20th and continued its bullish momentum. According to the rounding bottom pattern, the target comes around 44,930. However, the 161.8% retracement of the recent rally is near 43,030 levels, which will be the short-term target for NIFTYIT.
- The breakout point of the rounding bottom pattern is near 41,380, which will act as the first key support for the index, followed by the 50-Day Exponential Moving Average (DEMA) support, positioned near 39,300.
- The momentum indicator, Relative Strength Index (RSI), on the daily scale, is placed above the center point, and witness trend line breakout, indicating strength.
- In the short term, 41,380 and 39,300 will serve as support levels, while 43,050 and 44,930 will act as resistance levels.

NIFTYPHARMA CMP: 23218	
SHORT TERM SUPPORTS: 22730, 22440	SHORT TERM RESISTANCE: 23800, 24000

Chart as on 30th Aug, 2024

- The index began the month on a positive note and displayed strength throughout the month despite volatility. As a result, the index registered a fresh record high of 23,275.5 and settled the month on a positive note around 23,218.
- Technically, on a daily scale, the index has formed a higher top, higher bottom formation, giving consecutive breakouts, indicating a strong uptrend. Interestingly, the index's previous breakouts acted as strong support throughout the month. Based on the recent breakout, the target comes around 23,800.
- The 9-Day Exponential Moving Average (DEMA) support is placed around 22,730, which will act as immediate support for the index, followed by 22,440, which was the previous breakout point.
- The momentum indicator, Relative Strength Index (RSI), on the daily scale, is positioned above the center point and is forming a higher top, higher bottom pattern, indicating a strong uptrend.
- In the short term, 22,730 and 22,440 will serve as support levels, while 23,800 and 24,000 will act as resistance levels.

Technical View

NIFTYOIL&GAS CMP: 13457	
SHORT TERM SUPPORTS: 13300, 12800	SHORT TERM RESISTANCE: 14000, 14340

Chart as on 30th Aug, 2024

- The index began the month on a negative note and displayed weakness in the first half. However, in the second half, the index witnessed a strong recovery, which helped recoup losses and register a new lifetime high of 13,562.4. Finally, the index concluded the month of August on a marginally positive note at 13,457.
- Technically, on a daily scale, the index has crossed the hurdle of the rounding bottom pattern and managed to sustain above breakout of this pattern, indicating strength. According to this pattern, the short-term target comes around 14,340.
- Short-term support for the index is placed near 13,300, followed by 12,800, where the 50-Day Exponential Moving Average (DEMA) support is positioned. On the upside, the 161.8% retracement of the fall from 13,432 to 12,518 is around the 14,000 level.
- The momentum indicator, Relative Strength Index (RSI), on the daily scale, is positioned above the center point and has witnessed a trend line breakout, indicating strength.
- In the short term, 13,300 and 12,800 will serve as support levels, while 14,000 and 14,340 will act as resistance levels.

NIFTYFMCG CMP: 63060	
SHORT TERM SUPPORTS: 62400, 60820	SHORT TERM RESISTANCE: 64000, 65340

Chart as on 30th Aug, 2024

- The index began the month on a negative note and displayed weakness in the first half. However, in the second half, the index witnessed a recovery, which helped it to recover losses, and finally concluded the month of August on a positive note at 63,060.
- Technically, on a daily scale, the index has crossed the hurdle of the rounding bottom pattern and managed to sustain above breakout of this pattern, indicating strength. According to this breakout, the target comes around 65,340.
- The 21-Day Exponential Moving Average (DEMA) is positioned near 62,400, which will act as the first key support for the index, followed by the low of the rounding bottom pattern, which is placed near 60,820.
- The momentum indicator, Relative Strength Index (RSI), on the daily scale, is positioned above the center point and is consolidating in a symmetrical triangle pattern.
- In the short term, 62,400 and 60,820 will serve as support levels, while 64,000 and 65340 will act as resistance levels.

CENTURY PLYBOARDS LIMITED (CENTURYPLY)

CMP:787 • Target:830-880 • Stop loss:720	
SHORT TERM SUPPORT: 750, 720	SHORT TERM RESISTANCE: 830, 880

Chart as on 30th Aug 2024

CENTURYPLY - Daily Chart

- On the daily scale, the stock had given a breakout from a rounding bottom pattern with strong volume, as depicted in the chart above, and has now again retraced back and trading near the breakout levels.
- According to the rounding bottom pattern, the stock has the potential to reach levels of 880 in the medium term. However, the stock may face resistance around 830 levels, which will be a point aligned on the resistance trend-line as shown in the chart above.
- On the support front, the stock will find immediate support near 750 levels which will be a support point aligned on the trend-line as shown in the chart, followed by 34-DSMA (34-Daily simple moving average) level around 720.
- On a daily scale, the technical indicator RSI is above its centre point, indicating strength in the stock.
- Based on the technical setup, we recommend accumulating CENTURYPLY at 770-780 and on dips around 745-755, with a stop loss of 720 on a closing basis, for a price target of 830 in short term and 880 in medium term.

SAFARI INDIA LIMITED (SAFARI)

CMP:2476 • Target:2590-2700 • Stop loss:2330	
SHORT TERM SUPPORT: 2410, 2330	SHORT TERM RESISTANCE: 2590, 2800

Chart as on 30th Aug 2024

SAFARI - Daily Chart

- On a daily scale, the stock has broken out of a rounding bottom pattern, as shown in the chart above.
- According to the rounding bottom pattern breakout, the stock can test the levels of 2590 in the short term. If the stock manages to sustain above 2590, then it can move towards the short-term Flag pattern target of around 2800.
- On the downside, the stock has its key support at 2410 levels, followed by the low of the rounding bottom, which is around 2330 levels
- On a daily scale, the technical indicator RSI is above its center point, indicating strength in the stock.
- Therefore, we recommend accumulating SAFARI at 2455-2465 and on dips around 2405-2415, with a stop loss of 2330 on a closing basis, for a price target of 2590 and 2800 in short to medium term.

UPL LIMITED (UPL)

CMP: 598 • Target:640-700 • Stop loss:560	
SHORT TERM SUPPORT: 580, 565	SHORT TERM RESISTANCE:640, 700

Chart as on 30th August 2024

UPL - Daily Chart

- On the daily scale, the stock has given a breakout from a rounding bottom pattern with strong volume, as shown in the chart above.
- Based on the rounding bottom pattern, the stock can test levels around 640 in the short to medium term. If the stock sustains above this level, it could potentially rally towards the psychological level of 700 in the medium term.
- On the support front, the stock will find immediate support near 580, which aligns with the rounding bottom breakout level, followed by the 21-DEMA (34-Day Exponential Moving Average) level around 565.
- The RSI (Relative Strength Index) on the daily scale is above its midpoint, indicating strength in the stock.
- Based on the technical setup, we recommend accumulating UPL at 596-600 and on dips around 580-584, with a stop loss of 560 on a closing basis, targeting a price of 640 and 700 in the short to medium term.

DERIVATIVES ROLLOVER ANALYSIS

SEPTEMBER SERIES VIEW

Nifty has managed to end the August series at all-time high levels with a gain of 2.85% since starting the series at 24,455 levels. Nifty has seen a rollover of 77% against previous month rolls of 70% and a 3-month average rollover of 74%. Nifty starts this series with Open Interest of 141 Lakh shares against 137 lakh shares suggesting a bullish bias and increased participation in the recent rally. FIIs start the September series with Index Future longs of 70% against 57% in the August series against 57% longs previously. Option data along with rollover data suggests Nifty to trade with a positive bias in the range of 24500 – 25500.

DERIVATIVES INDICATORS

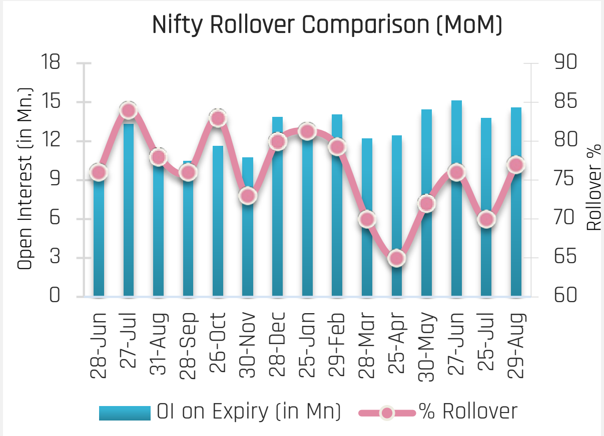
INDIAVIX, currently at 13.7, continues to remain in the 12 – 16 range implying no major volatility in broader markets while another leading derivatives indicator, Nifty PCR, is currently on a higher note this month at 1.27 compared to 1.01 in the last series expiry.

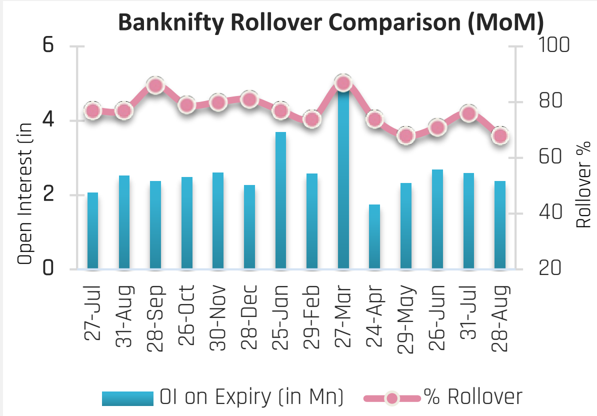
BANKNIFTY

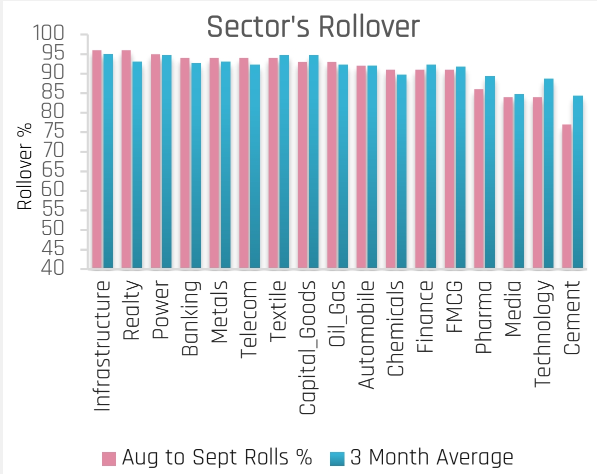
The BankNifty August expiry rollover is lower at 68% as compared with 76% on same day of previous expiry. BankNifty will start the September series with lower OI of 2.38Mn shares as compared with OI of 2.59Mn shares at the beginning of the August series. The rollover cost for long rollovers closed at 55 bps. The current rollover in BankNifty is lower as compare with its three months average of 72% respectively observed at the same point prior to expiry. As per options data along with a technical breakout above 50900 levels, the index is likely to trade with a positive bias with supports at around 50500 and 50000 and resistance at 52000 and 52500 for the short term.

SECTOR/STOCK ROLLOVER ACTIVITY:

1. From the sectoral action, rollovers accelerated in the INFRASTRUCTURE, REALTY, POWER, BANKING, METALS & TELECOM sectors in the August expiry. However, lower rolls were seen in the CEMENT, TECHNOLOGY, PHARMA & CAPITAL GOODS sectors as highlighted.
2. Within the Nifty 50 space, index heavy weights like GRASIM, ITC, ONGC, HDFCBANK & AXISBANK saw aggressive rollover to the September series while low rolls were seen in SUNPHARMA, SBILIFE, WIPRO, MARUTI & DIVISLAB saw lower rolls into the September series compared to their 3 month average rollovers.
3. From the non-Index space, stocks like METROPOLIS, SAIL, DABUR & CHAMBLFERT saw higher rolls whereas, MPHASIS, NAUKRI, JKCEMENT, GRANULES & SHREECEM saw lower rolls into the September series compared to their 3 month average rollovers.







Stocks to watch out based on Rollover Analysis:

POSITIVE	
METROPOLIS	Rollover of 96% compared with 3 months average of 80%.
GNFC	Rollover of 92% compared with 3 months average of 79%.
SAIL	Rollover of 97% compared with 3 months average of 87%.
NEGATIVE	
MARICO	Rollover of 84% compared with 3 months average of 90%.

Retail Research Call Performance

MT Medium Risk Calls												
Calls Performance	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Calls Activated	36	23	23	25	21	41	29	44	39	29	16	11
Successful	23	14	13	14	12	30	18	29	24	18	9	6
Unsuccessful	13	9	10	11	9	11	11	15	15	11	7	5
Succes Rate	64%	61%	57%	56%	57%	73%	62%	66%	62%	62%	56%	55%

MT High Risk Calls												
Calls Performance	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Calls Activated	27	28	32	31	16	24	41	32	28	36	13	6
Successful	18	16	22	21	6	17	29	15	17	25	6	2
Unsuccessful	9	12	10	10	10	7	12	17	11	11	7	4
Success Rate	67%	57%	69%	68%	38%	71%	71%	47%	61%	69%	46%	33%

Positional Calls And Techno-funda												
Calls Performance	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Calls Activated	19	10	11	14	14	17	22	12	12	28	34	28
Successful	16	5	10	13	10	12	15	10	7	23	30	18
Unsuccessful	3	5	1	1	4	5	7	2	5	5	4	10
Success Rate	84%	50%	91%	93%	71%	71%	68%	83%	58%	82%	88%	64%

Smart Delivery Trade												
Calls Performance	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Calls Activated												6
Successful												6
Unsuccessful												0
Success Rate												100%

Note- Initiated this product from Aug-24

Retail Research Call Performance

Investment Idea							
Date	Company	Rec	Rec price	Close Rate	Target	Returns	Closed Date
24 Feb 23	MTARTECH	Accu	1675.00	2080	2080.00	24.18%	12 Jul 23
1 Mar 23	RVNL	Accu	57.50	120	120.00	108.70%	3 May 23
23 Mar 23	SCHAEFFLER	Accu	2765.00	3547.5	3523.00	28.30%	8 Sep 23
11 Apr 23	GRSE	Accu	460	825	810.00	79.35%	17 Aug 23
4 May 23	ABB	Accu	3630	5150	5040.00	41.87%	22 Feb 24
29 May 23	GRAVITA	Accu	585.00	732	732.00	25.13%	14 Aug 23
1 Jun 23	TIMKEN	Accu	3310.00	4300	4300.00	29.91%	24 May 24
26 Jun 23	MINDACORP	Accu	282.50	383	383.00	35.58%	5 Dec 23
13 Jul 23	THERMAX	Accu	2312.50	2935	2935.00	26.92%	8 Sep 23
18 Jul 23	POLYCAB	Accu	3980.00	4895	4895.00	22.99%	17 Aug 23
7 Aug 23	RKFORGE	Accu	565.00	725	725.00	28.32%	31 Aug 23
29 Aug 23	ISGEC	Accu	700.00	950	950.00	35.71%	1 Dec 23
15 Sep 23	TRIVENI	Accu	372.50	480	480.00	28.86%	19 Aug 24
4 Oct 23	MCDOWELL-N	Accu	992.50	1198	1198.00	20.71%	10 Apr 24
17 Oct 23	DIXON	Accu	5425.00	6880	6870.00	26.82%	20 Feb 24
17 Oct 23	CAPLIPOINT	Accu	1090.00	1415	1415.00	29.82%	22 Dec 23
6 Nov 23	ADORWELD	Accu	1270.00	1613	1613.00	27.01%	16 Nov 23
21 Nov 23	AHLUCONT	Accu	807.50	1490	1490.00	84.52%	6 Jul 24
5 Dec 23	TRITURBINE	Accu	435.00	558	558.00	28.28%	27 Mar 24
12 Dec 23	POWERMECH	Accu	4225.00	5512	5512.00	30.46%	7 Feb 24
1 Jan 24	AIAENG	Accu	3670.00	4909	4909.00	33.76%	12 Aug 24
3 Jan 24	TCI	Accu	830.00	1205	1080.00	45.18%	22 Aug 24
9 Feb 24	THERMAX	Accu	3270.00	4096	4096.00	25.26%	26 Mar 24
5 Mar 24	ISGEC	Accu	925.00	1170	1170.00	26.49%	23 May 24
21 Mar 24	SCHAEFFLER	Accu	2910.00	3696	3696.00	27.01%	30 Apr 24
5 Apr 24	UNOMINDA	Accu	735.00	938	938.00	27.62%	6 Jun 24
25 Apr 24	CAPLIPOINT	Accu	1325.00	1675	1675.00	26.42%	19 Aug 24
14 May 24	CIEINDIA	Accu	485.00	617	617.00	27.22%	8 Jul 24
5 Jun 24	ITDCEM	Accu	385.00	505	505.00	31.17%	26 Jun 24
21 Jun 24	PGEL ^	Accu	321.00	440	412.00	37.07%	25 Jul 24
24 Nov 23	ADORWELD	Accu	1500-1520		1806		
24 Jan 24	APLAPOLLO	Accu	1495-1505		2077		
29 Jan 24	AUTOAXLES	Accu	2120-2130		2906		
23 Feb 24	ASTRAL	Accu	2080-2100		2627		
2 Jul 24	TIMETECHNO	Accu	320-330		426		
31 Jul 24	ALICON	Accu	1235-1265		1765		
22 Aug 24	CIEINDIA	Accu	555-565		698		
23 Aug 24	ANUP	Accu	2000-2040		2894		

Event Calendar Sept 2024

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
						1
2 • Monthly Auto Sales number • HSBC Manufacturing PMI Final AUG	3 • ISM Manufacturing PMI AUG	4 • HSBC Services PMI Final AUG • ISM Services PMI JUL	5 • ISM Services PMI AUG	6 • Non Farm Payrolls AUG • Unemployment Rate AUG	7	8
9	10	11	12 • Industrial Production YoY JUL • Manufacturing Production YoY JUL • Inflation Rate YoY AUG • Passenger Vehicles Sales YoY AUG • PPI MoM AUG	13	14	15
16 • WPI Manufacturing YoY AUG • WPI Inflation YoY AUG	17	18 • Fed Press Conference	19	20	21	22
23	24	25	26 • Monthly FnO Expiry	27	28	29
30 • Government Budget Value AUG						

Result Updates

Economic & Other Event

ACMIIL Retail Research Products

Informational Products	Recommendation Products
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Market Watch	Smart Delivery trades
Weekly Technical Synopsis	Positional technical calls
Quarterly Kaleidoscope	Investment ideas
Market Pulse	Master trades High & Medium Risk
RBI Monetary Policy	Techno Funda
Budget Report	Stock Basket
Weekly Derivatives Synopsis	Mutual fund model portfolios
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Rollover Analysis (Monthly)	IPO Note
Special Report (Industry/Calendar year/Financial year)	
Investment Idea	
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